

2024

# Guide

Becoming an Entrepreneur  
in Finland

From dreams to business.



Uusyritys-  
keskus

# Business advisory services for more viable companies

*The Finnish Enterprise Agencies' network offers free business counselling to anyone interested in entrepreneurship. Businesses set up with the help of the network are more profitable and more viable than those set up without it.*

**Business advisory services help companies succeed.**

The Finnish Enterprise Agencies' activities date back to the late 1980s, when the first Enterprise Agency was established in Finland. Already at that time, a joint organisation was set up for the Finnish Enterprise Agencies, now known as Suomen Uusyrityskeskukset ry.

The Enterprise Agencies operating under different names around Finland follow a common quality management system. This guide to becoming an entrepreneur in Finland, published by Suomen Uusyrityskeskukset ry, is a tool that will help you set up a business under the guidance of the Finnish Enterprise Agencies.

## Free business counselling

Each year, the Enterprise Agencies serve around 15,000 people planning to become entrepreneurs, around half of whom start a business. Over the years, 150,000–200,000 new businesses have been created with the help of the Enterprise Agencies. The business advisory services provided by the Enterprise Agencies are professional, strictly confidential, and free of charge.

According to an impact study commissioned by Suomen Uusyrityskeskukset ry, 80% of companies that have used the services of the Enterprise Agencies will be in business in five years' time – the corresponding figure for all companies is 50%. The impact of the Enterprise Agencies' services on the sustainability of companies is clear. The business advisory services provided by the Enterprise Agencies will also play an important role in future employment areas.

Setting up a business in Finland is technically relatively easy. However, the Enterprise Agencies' business advisors look beyond this and consider what the entrepreneur will do once the business is up and running to get the business off to a good start. The business advisor's job is to help the entrepreneur's business succeed.

## Profitable growth

Entrepreneurship and ways of working are constantly changing. Entrepreneurs are ageing and it is important to find new owners for old businesses. Research has shown that after a change of ownership, business activity often starts to grow. So why not start a business by buying an existing business?

We are challenged by a changing world, and recent years have seen many global challenges, but also major national reforms. Economic downturns and crises affect entrepreneurship in many ways, but entrepreneurship can also be the gateway to success.

Finland should allow people to strive for growth and prosperity through their own work. We need more growth-oriented companies and employers. It is important that businesses receive professional support and advice from the outset.

The Enterprise Agencies have an important social responsibility in creating profitable business – today and tomorrow.

## Piia Malmberg

Managing Director

Suomen Uusyrityskeskukset ry  
(Finnish Enterprise Agencies)



# Welcome to setting up your business

**T**he main goal of the Enterprise Agency is to promote the creation of sustainable companies in Finland and help its customers to establish companies that are as profitable as possible. We help new entrepreneurs assess their business idea from several perspectives and test its profitability. The entrepreneur's happiness is essential to us – whether it means starting a business or giving up an idea. Our goal is to turn big dreams into real-life successes.

The Finnish Enterprise Agencies' extensive network consists of regional Enterprise Agencies, business advisors, and various companies and organisations. New entrepreneurs receive support from reliable partners as well as their

own personal advisor. The dream is pursued together.

Our service is personal, confidential and free of charge. Aspiring entrepreneurs can benefit greatly from the Enterprise Agency's advice – but they also have to work hard themselves. Companies that have started through the Enterprise Agency often survive longer than other business start-ups.

The network of the Finnish Enterprise Agencies is Finland's most successful and well-known advisory network for aspiring and start-up entrepreneurs. All Enterprise Agencies have a uniform quality management system, business advisory tools and a customer management system, and participate in extensive network and stakeholder cooperation.

## We are committed to

- Providing advice based on the customer's needs
- Confidentiality
- Impartial assessment of business ideas
- Legal operation and good business ethics
- Transparency in customer and stakeholder relationships
- Collaboration with the authorities and businesses
- Leveraging the expertise of successful companies
- The continuous development of our network

## Our values

- Reliability
- Collaboration
- Expertise

**We will assist you free of charge in setting up your business.**

**Find your nearest Enterprise Agency at and schedule an appointment with our business advisor**

**[WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH](http://WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH)**



## Guide – Becoming an Entrepreneur in Finland 2024

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# Steps to becoming an entrepreneur

**2 Test and write down your business idea.**  
Read more on page 20

**4 Schedule an appointment with your nearest business advisor.**  
[WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH](http://WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH)

**1 Take part in an entrepreneurship information session.**

[WWW.UUSYRITYSKESKUS.FI](http://WWW.UUSYRITYSKESKUS.FI) > Apua yrittäjyyteen > Yrittäjyysinfot (In Finnish)

**3 Create a preliminary business plan and obtain the necessary permits for your business.**

Read more on page 22 and 35

**5 Select the form and name of the company.**

Read more on page 40



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# Determined to become a sleep professional

*The leap into the unknown paid off, as Uniaika has renewed and diversified its services by offering sleep services without referrals or queues.*

text **JENNY THUNEBERG** photo **MARKUS ASPEGREN**

**“The main focus of your business becomes clear once you get started!”**

**S**ari Kapanen is an experienced sleep professional, but she became an entrepreneur out of necessity.

“I worked for 11 years with sleep apnoea patients in the pulmonary clinic at the Kuopio University Hospital and found that their care path was not optimal. I had long been interested in sleep, fatigue and alertness management, so I trained as a sleep and sleep apnoea therapist. I thought that with my new skills I could provide services to this target group. In addition to my own motivation and need, the needs of the market sealed my decision to become an entrepreneur,” Sari says.

The demand for sleep management services exploded, coincidentally, with a simultaneous publicity boom as more people started talking about sleep apnoea. Uniaika currently offers low-threshold sleep management services for individuals and groups. Sari receives clients directly, as well as on referral from occupational health or the private sector. Uniaika is also the only known remote sleep clinic in Finland.

## **A leap into the unknown**

The Enterprise Agency Kuopion seudun Uusyrityskeskus helped Sari to see the path to entrepreneurship as a possibility. It was a real leap, as she had no previous entrepreneurial experience. She also decided to give up her day job right away.

**Tarja Pöyhönen** from the Enterprise Agency Kuopion seudun

Uusyrityskeskus praises Sari for her determination in starting a business. In general, she says, it is a good idea to contact a business advisor before you quit your employment, to make sure you do things in the right order, for example to secure a start-up grant and other funding.

According to Sari, she also thought it was important that the encouragement to start a business came from a professional. On the advice of the Enterprise Agency Kuopion seudun Uusyrityskeskus, she decided to apply for the TE Office’s entrepreneurship training.

## **Self-development is important**

An important lesson for Sari on her entrepreneurial journey has been to tolerate uncertainty and to step outside her comfort zone. She has continued to further her education and is currently studying to become a psychotherapist. Sari and Tarja encourage all entrepreneurs to keep updating their skills and undergo further training.

“In principle, all those considering starting a business are recommended to attend some form of entrepreneurship training. The training will help you develop your business idea into a business plan, map the market and the competitive situation, price your business, and plan your market entry. It gives you a complete picture of how to start a business and how to get started,” says Tarja.

The rest is just a matter of courage.

“The main focus of your business becomes clear once you get started! The focus can also change, and new business can emerge that you didn’t even think of at first,” says Sari.

**Business advisor Tarja Pöyhönen (left) praises entrepreneur Sari Kapanen for her determination and efficiency in starting a business.**



### **Would you like to become an entrepreneur?**

There are many different kinds of people who make it as entrepreneurs. They are all united by their confidence in their business idea, and the desire to make a living from it. Resilience to uncertainty and the ability to take risks are also essential if you want to succeed as an entrepreneur.

# What is entrepreneurial work?

*Entrepreneurship gives you the opportunity to do things your own way and according to your own values. As an entrepreneur, you are responsible for the results of your work and the obligations of the entrepreneur. When you understand what it takes to become an entrepreneur and prepare yourself carefully, you have every chance of succeeding.*

Are you planning to become an entrepreneur? Stop for a moment to consider whether you have an entrepreneurial mindset and qualities that will help you succeed as an entrepreneur. You should also consider your life situation as you should be able to focus on your business and perhaps be able to wait a while before your business starts making money.

Entrepreneurship is always a risky business. Most risks are manageable if you identify them in advance and know how to prepare for them. The Enterprise Agency's business advisors will help you test and plan your business idea for free so that you can start your business on a solid foundation. Remember that risk is often the very force that drives people to entrepreneurial activity.

## Who is an entrepreneur?

The definition of an entrepreneur varies depending on the context. For example, Statistics Finland defines an entrepreneur as a person who engages in economic activity on their own account and at their own risk. An entrepreneur can be an employer or a self-employed person. A person working in a limited company who, alone or together with their family, owns at least half of the company may also be considered an entrepreneur.

In the case of unemployment insurance, an entrepreneur is a person who works in a company of which they or their family own a specific share determined by law. Furthermore, a person who works, but is not in an employment or service relationship with

the employer company, is considered an entrepreneur (such as a self-employed person or a person who works through an invoicing service company). Owning a company or a part thereof does not automatically make you an entrepreneur.

## The various forms of entrepreneurship

Your personal life situation and business idea will determine whether you should become a full-time or part-time entrepreneur. Depending on your situation, you should also evaluate whether you should start a business alone or with a partner. There are many possibilities.

Full-time entrepreneurship, as the name implies, is the entrepreneur's main job and main source of income. It imposes strict profitability requirements on the operations, as you have to make a living from the business. On the other hand, full-time entrepreneurship allows you to be fully invested in the operations of your company.

The law does not distinguish between full-time and part-time businesses. The distinction comes from the entrepreneur's possible other sources of income. You are considered a part-time entrepreneur if you have another full-time job.

As a part-time entrepreneur, the financial risk may be lower, but even then you have to ensure you have enough income to cover the expenses.

Part-time entrepreneurship may be just a hobby, a way to earn a little extra money, or an opportunity to try out a business idea. Starting a business as a part-time activity alongside paid work or

study is recommended if you are unsure about the profitability of your business. Part-time entrepreneurship is a good way to test whether you will have enough customers. Testing is particularly important if you are planning to provide a specialised service.

## Things to consider in part-time entrepreneurship:

### If you are employed, discuss your plans for becoming an entrepreneur with your employer.

As an employee, you may not engage in any business activities that compete with those of your employer. It is often enough to inform your employer of your part-time entrepreneurship, but sometimes you should or may be required to ask for written permission.

### Find out how part-time entrepreneurship will affect your unemployment security.

This is worth doing even if you are still employed.

### Price wisely.

If you intend to expand your business into a full-time occupation, think carefully about the right price for your product or service. The price must be high enough for you to make a profit even if you expand your business into a full-time occupation, because a steep price increase may be impossible to implement later on. An excessively low price level can give a false impression of the market demand if your large customer base is the result of low prices. »





## Characteristics of a successful entrepreneur

There are as many different ways to become an entrepreneur as there are people. However, your personality is the most important factor that determines the success of your business. You need certain qualities and skills to make your work productive and meaningful.

### As an entrepreneur, you must have:

- A good business idea
- Confidence in your own business idea
- Understanding and knowledge of your industry
- A desire to make money
- Spontaneity and determination
- Courage to take risks
- Ability to cope with uncertainty
- Clear goals

### Running a business also requires entrepreneurial skills:

- Business management
- Sales
- Marketing and communication
- Financial management

**Remember, you do not have to be able to do everything by yourself. You can buy services from another entrepreneur, such as an accounting firm or an advertising agency.**

**There are a variety of training courses on entrepreneurship.**



## » Private tradership or partnership?

Finland has a strong culture of solopreneurship. Well over half of all Finnish companies are one-person enterprises. Starting a business alone has its advantages, but working with a partner can also be a good option.

### Private tradership

#### Advantages

- You can make all the decisions yourself.
- You do not have to share the profit with anyone else.

#### Things to consider

- Do you have the necessary skills, networks and capital to succeed on your own?
- Do you want to take on all the responsibility yourself and work alone?

- Who can do the work on your behalf if necessary?

### Partnership

#### Advantages

- With your partner, you can complement each other's skills and attributes.
- You can share responsibilities, successes and concerns with your partner.

#### Things to consider

- Can you be sure that your cooperation will run smoothly in all situations?
- How would you share the company ownership and responsibilities with your business partner?

### Partnership and team entrepreneurship

A partner is a person who owns one or more shares in a limited liability company. Operating as a partner can be an entrepreneurial activity depending on how the responsibilities and authority are divided among the partners. For example, the spouse and children may be partners in family businesses. In small businesses, it may be possible to get key people to commit themselves to the enterprise and its development by transferring shares in

the business to them.

An enterprise can also be formed by a team. In this case, several people who wish to become entrepreneurs establish a business together. The members of the team commit to common goals, complement each other's expertise, and are jointly responsible for the company's success.

### Work integration social enterprises and social entrepreneurship

A work integration social enterprise provides employment for the partially disabled and the long-term unemployed. It aims to make a profit, like any business, but at least 30 percent of the workers employed are disabled or long-term unemployed. The company is entered in the register of social enterprises maintained by the Ministry of Economic Affairs and Employment and can be granted an increased wage subsidy.

In a social enterprise, business is primarily conducted for a specific social or environmental goal, and most of the company's financial profit is used in furthering the goal. A company established for a social purpose may apply for the Finnish Social Enterprise Label.

## What is light entrepreneurship?

Light entrepreneurship is an entrepreneur-like way to sell your expertise on an occasional or temporary basis or to test your business idea without having your own Business ID. A light entrepreneur acquires their own work and determines its price.

Light entrepreneurship is not suitable in situations where the work is performed as in an employment relationship, for example under management and supervision. More information: [WWW.TYOSUOJELU.FI/EN](http://WWW.TYOSUOJELU.FI/EN) > Employment relationship > Characteristics of an employment relationship.

Invoicing is outsourced to an invoicing service. After the invoice is paid, the invoicing service will pay the salary into the entrepreneur's

account and deduct a service fee, withholding tax and other necessary payments from the payable amount. When choosing an invoicing service, you should find out whether the service is available abroad and whether it accepts payment terminal or cash payments. Your intended business activities determine which invoicing service best suits your needs. If you use an invoicing service, you should always agree on the use of the service with your customers.

Compare different invoicing services and find out what their service fees include. With some service providers, the fee includes accident and liability insurance, which is important for a light entrepreneur. Your personal insurance is not likely to cover any

damage that occurs during work.

### Employee or sole proprietor?

Light entrepreneurship is not a legally recognised form of enterprise. It simply means that you sell your own work and expertise through an invoicing service. Some service providers mainly act as an online accounting firm and require you to create a Business ID. You should familiarise yourself with the content of the service and check whether it requires, for example, a Business ID. The best option for you depends on your situation and business idea. If you are planning a new business as a light entrepreneur, the Enterprise Agency is happy to help you!

# Unemployment security

*In this ever-changing world, business conditions may deteriorate unpredictably, even if an entrepreneur has a viable business idea and a high level of expertise. New entrepreneurs should always think about their social and unemployment security.*

According to the Unemployment Security Act, an entrepreneur is a person who works in a company of which they or their family own a specific share determined by law. Furthermore, a person who works in a company without an employment or service contract, i.e. a self-employed person or a person who works through an invoicing service, is also considered an entrepreneur.

An entrepreneur can join an unemployment fund for the self-employed if their YEL income is at least €14,803 per year (Entrepreneur's YEL /MYEL earned income and the company co-owner's TyEL salary). Entrepreneurs with a lower level of income are only entitled to labour market support.

## When is an entrepreneur unemployed?

You are not entitled to unemployment benefits if you are fully employed as an entrepreneur. In order to receive the benefit, you need to close down your business. According to the Unemployment Security Act, you are unemployed if it can be proven that your business activities have ended or if your employment with the company has ended in a lawful manner. The TE Office always ensures that you meet the employment conditions for the payment of the benefit. The concept of terminated entrepreneurial activity varies depending on the form of enterprise and the entity as a whole.

## The entrepreneurial activity is deemed fully terminated if

- the enterprise has been placed in bankruptcy
- the enterprise has been placed in liquidation
- a dissolution agreement has been concluded between the partners (other than limited liability companies and cooperatives)
- the production and financial activities of the enterprise have

ended and the entrepreneur has given up their YEL or MYEL insurance and filed a notification with the Tax Authorities for removing the enterprise from the prepayment register, the employer register and the VAT register (or interrupting its VAT liability).

In some cases, the TE Office may consider the entrepreneurial activity to be seasonal and grant unemployment benefits for a period when the entrepreneur is unable to conduct their business. In this case, the entrepreneur is comparable to a wage-earner and may receive a benefit between assignments. A person's employment with a company is considered to have ended if their work capacity has decreased permanently and materially.

## Basic daily allowance or earnings-related unemployment allowance?

An entrepreneur's livelihood during unemployment is secured by either an unemployment allowance or labour market support. Unemployment allowance can be a basic daily allowance paid by Kela or an earnings-related daily allowance paid by an unemployment fund.

Employees are insured by an unemployment fund for salaried employees, and entrepreneurs are insured by the Unemployment Fund for Finnish Entrepreneurs (Yrittäjäkassa). You cannot be a member of both funds at the same time. You should always choose an unemployment fund according to your main occupation: if you are a part-time entrepreneur with a full-time job, you should belong to an unemployment fund for salaried employees.

The basic daily allowance in 2024 is €37.21 per day, approximately €800 per month. As a member of the Unemployment Fund for Finnish Entrepreneurs, you receive a daily allowance based on your earnings,

which is clearly higher than the basic daily allowance. The amount of earnings-related daily allowance is determined on the basis of your pre-unemployment income or insurance. You can calculate the amount of your earnings-related daily allowance on the Unemployment Fund for Finnish Entrepreneurs' website at [WWW.YRITTAJAKASSA.FI/EN](http://WWW.YRITTAJAKASSA.FI/EN).

## Employment condition and post-protection

You can receive an earnings-related daily allowance if you are a member of the Unemployment Fund for Finnish Entrepreneurs and you have worked as an entrepreneur for at least 15 months in the four years preceding unemployment. The reference period cannot be extended to a period when you have not been a member of the fund.

If you change from being an employee to an entrepreneur, you usually have the right to post-protection. You may receive an earnings-related daily allowance based on the income from the salaried employment you had before you became an entrepreneur if your business is closed down during the post-protection period. The post-protection period is usually 18 months from the start of the business. In order to receive a post-protection allowance, you must have joined the Unemployment Fund for Finnish Entrepreneurs within one month of leaving the unemployment fund for salaried employees. Entitlement to an employee-based daily allowance ends when the entrepreneur's 15-month employment condition is met.

More information on entrepreneurs' unemployment allowance: [WWW.YRITTAJAKASSA.FI](http://WWW.YRITTAJAKASSA.FI), [WWW.KELA.FI/WEB/EN](http://WWW.KELA.FI/WEB/EN) > Our services > Unemployment, [WWW.TYO-MARKKINATORI.FI/EN](http://WWW.TYO-MARKKINATORI.FI/EN) > Personal customers > Unemployment security > Unemployment security for entrepreneurs and self-employed persons.

# Secure your livelihood

*Setting up a business and acquiring customers often take time. A new entrepreneur must also secure their own financial situation before the business starts to produce results.*



**Determine your eligibility for a start-up grant in good time.**

## **A start-up grant supports a new entrepreneur**

A start-up grant secures a new entrepreneur's livelihood at the starting phase of full-time entrepreneurship. The grant is only meant to cover the entrepreneur's personal living costs, not the costs of business operations. Start-up grants are taxable income, i.e. tax is payable on them.

A start-up grant can be granted to a person who is becoming a full-time entrepreneur at the startup and establishment stage of the business. A start-up grant may also be granted to a person who plans to expand their part-time entrepreneurship into a full-time occupation. Start-up grants can be granted to several entrepreneurs who are working in the same start-up business. You can apply for a start-up grant when you own at least 15 percent of the company, are in a dominant position in the company, and are employed full-time in the company.

A start-up grant can be paid for a period of up to 12 months. A decision on the start-up grant is always made for a period of six months. After the first six months, the entrepreneur may apply for an extension of the start-up grant for another six months.

## **How to apply for a start-up grant**

A start-up grant is a discretionary allowance granted by the Employment and Economic Development Office (TE Office).

When considering setting up a business, you should contact your local employment services in good time to ensure your eligibility for a start-up grant. Operations must not be commenced before a decision on the start-up grant has been made.

The application for a start-up grant must be accompanied by a business plan, as well as profitability and financing calculations. The business advisors of the Finnish Enterprise Agencies can assist you in completing them. You will also need to include a certificate of the payment of taxes/tax debt certificate, i.e. a statement on whether the applicant has outstanding taxes to pay. A certificate may be ordered via the website of the Finnish Central Tax Administration ([WWW.VERO.FI/EN](http://WWW.VERO.FI/EN) > About us > Contact us > e-File > Information on MyTax > Request a tax debt certificate).

If you are applying for a start-up grant extension, the application must be submitted to the employment services during the valid start-up grant period.

## **The amount of the start-up grant**

The start-up grant corresponds to the basic unemployment benefit applied under the Unemployment Security Act. In 2024, the basic grant is €37.21 per day. The start-up grant is paid for a maximum of five days per calendar week. The start-up grant is paid once a month retroactively on the basis of an application for payment submitted by the recipient of the grant. The application for payment must be submitted to the Development and Administration Centre (KEHA Centre) of ELY Centres and TE Offices within two months from the end of the payment period.

A start-up grant can be granted if the entrepreneur is able to establish profitable business and if they have experience to support entrepreneurship or have business training. The entrepreneur must work in the business full-time, and the support must be necessary for the entrepreneur's subsistence. A start-up grant cannot be paid if the income of the new entrepreneur is secured in another manner, such as by wages or other benefits.

## **Starting a business during unemployment**

If you are unemployed and start a business, you may apply for a start-up »

## An entrepreneur's salary and taxation on salary depend on the form of enterprise.

» grant or an unemployment allowance. You may receive an unemployment allowance for the first four months after the establishment of the company, as the full-time/part-time nature of the work is not assessed during this time. If your business generates income during the first four months, you will receive an adjusted unemployment allowance.

After that, the TE Office will assess whether you are operating as a full-time or part-time entrepreneur. If the business is deemed to be a full-time job, you will lose your entitlement to unemployment allowance. If the business is deemed to be a part-time job, you may continue to receive an unemployment allowance. Note that the assessment is not based on the profit of the business but on the time spent on the business. If the business is not deemed to be a full-time job at the end of the four-month period and you wish to continue as an entrepreneur, you can apply for a start-up grant if you expand your business into a full-time job.

### Salary

An entrepreneur's salary is not the same as the company's sales, turnover, or business income. If your enterprise is a limited company,

you can pay salaries and benefits to yourself and your potential employees. Salaries are an expense that reduces the company's profit. If the company makes a profit, shareholders can also receive dividends from the company. An entrepreneur's salary is taxed according to their personal tax rate. Dividends are taxed as income and capital income.

If you are a private trader, you do not actually pay yourself a salary but you can make private withdrawals from your business account for your personal expenses. You can make as many withdrawals as you want. However, remember that all your business expenses must be paid from your business account.

Private withdrawals are not taxed upon withdrawal. The entrepreneur must pay the tax in advance. In practice, this means that you will notify the tax authority of an estimate of the earnings for your upcoming tax period and you will receive a decision on the withholding tax to MyTax. The decision contains information for the payment of the tax, such as the amount and due date of each installment.

## Preconditions for receiving a start-up grant

### You may be eligible for a start-up grant if

- you have or acquire adequate capabilities for the intended business
- you are a full-time entrepreneur, and
- the intended business has potential for continued profitable operation.

### A start-up grant will not be granted if

- the intended business is estimated to secure a reasonable income for the applicant at the start-up stages of the business operations
- the start-up grant is estimated to distort competition between the providers of the same products or services to more than a minor extent
- the private person who applies for a start-up grant has started fulltime entrepreneurship before the decision on the grant was made
- the person who applies for the start-up grant has materially neglected their obligations to pay tax or other statutory payments, or the person has experienced material civil law default of payment, unless the TE Office considers the granting of the start-up grant appropriate.



## Entrepreneur

Secure your earnings-related unemployment security. Join the Entrepreneur fund now.

Join → [yrittajakassa.fi](https://yrittajakassa.fi)

Income protection  
for entrepreneurs



# YEL pension insurance provides security throughout life

*Entrepreneurs must take out statutory pension insurance (YEL insurance) for self-employed persons. Although the name refers to a pension, YEL affects the life of an entrepreneur in a much broader sense.*

**The YEL income affects the amount of sickness allowance.**



## You need YEL insurance if

- you are an entrepreneur and over 18 years old
- you work as an entrepreneur or light entrepreneur
- your entrepreneurial activities continue for a minimum of four months
- your estimated income is more than €9,010.28 per year (2024).

YEL insurance must be taken out within six months from starting a business. The insurance is based on the entrepreneur's YEL income confirmed by a pension insurance company. The YEL contribution is paid for all months of entrepreneurship. If the insurance is taken out after starting a business, the contribution must be paid retroactively. If you work as a self-employed person while drawing an old-age pension, you can take out voluntary YEL pension insurance until you reach the upper age limit for YEL insurance.

## Assessment of earned income

The YEL income is always assessed on an annual basis. The earned income should correspond to the annual salary you would pay an employee with the same professional skills. Thus, the YEL income is not the same thing as the profit generated by your company or the salary you earn as an entrepreneur, but the monetary value of your work input.

The YEL income determines the amount of your insurance contribution. The contribution is lower with lower

income, but with too little income, the entrepreneur's social security and pension security may remain inadequate. For example, sickness allowance, parental allowance and earnings-related unemployment allowance are calculated on the basis of the YEL income, not on the basis of earned salary.

## YEL contributions

The YEL contribution of confirmed income is

- 24.10% for persons aged 18–52
- 25.60% for persons aged 53–62
- 24.10% for persons aged over 62.

NOTE! A new entrepreneur will receive a discount of 22% for the first 48 months. Thus, the YEL contribution is 18.798–19.968 percent of your earned income, depending on your age. The insurance premium can be paid 1, 2, 3, 4, 6 or 12 times per year. The entrepreneur's pension insurance contribution is fully tax deductible. You can deduct the YEL contributions in your personal or your spouse's taxation or in your company's taxation. The right of deduction depends on who pays the insurance.

## Confirmed YEL earned income affects the amount granted in the following benefits:

- sickness allowance
- parental allowance
- earnings-related daily allowance
- disability pension, rehabilitation allowance
- vocational rehabilitation
- old-age pension
  - partial old-age pension
  - years-of-service pension
- survivors' pension

# YEL premiums and entrepreneur's social security benefits 2024\*\*\*

Source: Varma Mutual Pension Insurance Company

Annual YEL income	YEL contribution 24.1%, people aged 18–62 and over 62****		Contribution for new entrepreneurs 18.798% <sup>3)</sup> ****		Benefits <sup>1)</sup>				Pension accumulation
	Per Year	Per Month	Per Year	Per Month	Sickness allowance €/day	Parental allowance €/day	Unemployment allowance** €/day	Accident allowance €/month	YEL pension accrued in one year under YEL insurance €/month <sup>2)</sup>
€9,010.28	€2,171	€180	€1,694	€141	€21.02*	€30.71	€35.72**	€751	€11.26
€12,000	€2,892	€241	€2,256	€188	€28.00*	€30.71	€35.72**	€1,000	€15.00
€14,803	€3,568	€297	€2,783	€232	€34.54	€34.54	€46.28	€1,234	€18.50
€20,000	€4,820	€402	€3,760	€313	€46.67	€46.67	€55.35	€1,666	€25.00
€25,000	€6,025	€502	€4,700	€392	€58.33	€58.33	€60.31	€2,083	€31.25
€30,000	€7,230	€603	€5,639	€470	€70.00	€70.00	€70.84	€2,500	€37.50
€40,000	€9,640	€803	€7,519	€627	€80.02	€91.48	€86.70	€3,333	€50.00
€50,000	€12,050	€1,004	€9,399	€783	€86.68	€104.81	€94.45	€4,167	€62.50
€80,000	€19,280	€1,607	€15,038	€1,253	€106.68	€134.37	€117.71	€6,667	€100.00
€100,000	€24,100	€2,008	€18,798	€1,567	€120.02	€151.04	€133.21	€8,333	€125.00
€125,000	€30,125	€2,510	€23,498	€1,958	€136.68	€171.87	€152.59	€10,417	€156.25
€204,625	€49,315	€4,110	€38,466	€3,206	€193.15	€244.18	€213.21	€17,052	€243.00

1) The amount of the allowance is an estimate. The final amount must be verified with the entity providing the grant. For example, the amount of sickness allowance is based on the past 12 months' earned income.

2) The life expectancy coefficient has not been taken into account in the accrual of the pension. Requires that YEL contributions have been paid. Increased accumulation of 1.7% of earned income until the end of 2025 for persons aged 52–63.

3) A new entrepreneur receives a discount of 22% on insurance contributions for the first 48 months.

\* Amount of YEL daily allowance for the first 9 days of illness. After that, the minimum rate of sickness allowance is €30.71/day.

\*\* An unemployed person is entitled to receive earnings-related unemployment allowance only when their earned income exceeds €14,803. Note! Earnings-related unemployment allowance requires that the employment condition and the unemployment fund membership condition are met.

\*\*\* The insurance contributions and allowances have been calculated partly on the basis of estimated contribution percentages and earnings limits.

\*\*\*\* Due to transitional provisions, the contribution for people aged 53–62 will be 1.5 percentage points higher between 2017–2025. During the same period, they will accrue a pension at a rate of 1.7% instead of 1.5%. The YEL contribution will take effect from the beginning of the following year in which the entrepreneur turns 53 or 63.

# Remember to take a break!

*Breaks and vacations are extremely important for recovering from stress and for coping at work. Planning a vacation may seem difficult for an entrepreneur, but it is worth the effort.*

Vacations are meant for rest and recreation. Taking a break from work is important for your health and wellbeing. That is why an entrepreneur must also remember to take a break. If you find it difficult to arrange a long vacation, you can take several shorter vacations. Studies show that wellbeing only begins to improve more than a week after the start of the vacation, so taking even one longer vacation once a year is recommended.

Anticipation and planning guarantee a successful vacation for an entrepreneur. The most

important thing is to set a date and stick to it. Inform your customers about the vacation and make the necessary arrangements in good time. If necessary, arrange someone to cover your work. If you have to take care of work matters during the vacation, determine your working hours in advance. Write down any unfinished tasks so you can easily get back to them after your vacation. An entrepreneur must also prepare for the vacation financially. Could you save a certain amount of “vacation money” each month? When the vacation begins,

turn off your work phone and email. Record a voicemail on your phone explaining when you will be back at work.

The purpose of a vacation is to restore your body and mind. However, a single vacation will not achieve any miracles. You must take care of your health and wellbeing on a regular basis. Recovery from work must also take place in your everyday life. So remember to take breaks, limit your workload and save enough time for fun leisure activities – everyday.

## Take care of your wellbeing

- Successful entrepreneurship requires good health and ability to function: get enough sleep, eat healthily and exercise regularly.
- Enthusiasm is a good thing, but exhausting your resources can also cause burn out. Cherish your enthusiasm by limiting the amount of work even when the joy of work seems to carry you away.
- Maintain a sense of control by developing your skills on a regular basis.
- Plan your workdays in advance and alternate difficult and easy tasks.
- Make your work more pleasant and meaningful. Think about what you especially like and try to integrate it into your days.
- Small breaks throughout the day make it easier to recover from work after the workday.
- Stick to planned vacations and holidays.
- If you are worried about your wellbeing, ask for help.







# Keep your stress under control

*Stressful moments and busy periods are part of the job, constant stress is not. In order for a business to be profitable and sustainable, the entrepreneur must cherish their own wellbeing.*

The freedom to make your own decisions and set your own schedules is one of the major benefits of being an entrepreneur. However, in addition to freedom, entrepreneurship is also characterised by financial liability, insecurity, urgency, and commitment. These load factors must be taken into account when running a business.

## Stress affects performance

Fatigue, difficulty concentrating, and forgetfulness can be signs of stress. A stressed person may have trouble coping with work. Restlessness often drives us to do several things at the same time, i.e. multitask, which in turn further impairs our performance. In addition, multitasking reinforces the experience of urgency. A stressed and busy person often makes the same mistake: skips breaks and works overtime.

Breaking a prolonged stress cycle requires concrete changes that either reduce the workload or increase resources. Change is most effective when both of these are materialised. The first step is to examine your own actions and thoughts. Where does the concern come from? Is there a concrete cause for concern or stress? Measures to reduce the burden are only possible once you have identified the stress factor.

## Wellbeing is crucial

There are many ways to improve your wellbeing at work. Monitor your ability to work and regularly assess whether it is sufficient for the requirements of your business. Think about what is particularly rewarding in your work and what you enjoy the most. Then think about how you could incorporate it into your daily life.

Systematic and goal-oriented planning will help you to reduce the load. Make a plan on how to maintain your skills and prepare for future needs. Monitor and regulate the amount of work and the length of your workdays. Short busy periods are easy to handle as long as they are followed by a quiet period. You have to give yourself enough time to recover from the rush and stress.

During a busy period, try to focus on one thing at a time and remember to take breaks. List your most important daily and weekly tasks. Focus on performing these tasks – and these tasks only. Forget about all other things that are not mandatory.

Learn to be more tolerant of yourself. If you have trouble coping with work, be proactive and ask for help. One person can only do so much, even an entrepreneur. Everyone needs a support network to succeed. So remember the following mantra: network, outsource, prioritise, and delegate.

## Occupational health care

As an entrepreneur, you can include preventive occupational health care and general medical care in your occupational health care. Kela may reimburse part of these costs if you are insured under the Self-Employed Persons' (YEL) or Farmers' (MYEL) Pensions Act.

You can obtain your occupational health care from a municipal health centre, a private medical centre or from a self-employed occupational health professional. In order to receive reimbursement for occupational health care costs, you and the service provider must have a valid agreement on occupational health care, a plan of operations for occupational health care, and a workplace survey.

Learn more: [WWW.KELA.FI/WEB/EN](http://WWW.KELA.FI/WEB/EN) > Our services > Sickness > Occupational health services.

# Aiming for the best

*When Ehot Oy was founded, the aim was to provide the best quality child welfare services in Finland. It has also become a workplace where not only entrepreneurs but also children and staff enjoy themselves.*

text **JENNY THUNEBERG** photo **MIKKO KANKAINEN**

**Early planning  
is important.**

**B**ehind the company are three friends from school and work; **Ville Rouhiainen**, **Tommi Mustonen**, and **Matti Kortelainen**. Ville already had entrepreneurial skills, Tommi is an expert in child protection, and Matti has particular experience in demanding child guidance work.

“We became frustrated that things did not seem to be going in the right direction in the sector. We wanted to do things better, both for children and to improve the image of the sector. We also felt that better results could be achieved with the right human resources,” the entrepreneurs say.

In Mikkeli, the company has a six-place special care unit for children in very challenging situations who have been taken into care, and a seven-place unit for long-term residential care. The property also has two independent living apartments.

## Help to get started

In the field of child protection, the process of establishing a company is relatively long. **Heli Tavasti** from the Enterprise Agency Mikkelin seudun Uusyrityskeskus stresses that this is when careful groundwork and early planning are very important. In such cases, strong professional skills are highlighted, as in the case of Ehot.

Even though Ville already had previous entrepreneurial experience, the three entrepreneurs are grateful

for the support they received from the Enterprise Agency during their start-up phase. For example, a suitable accounting firm was found through the Enterprise Agency.

“This was concrete, invaluable help for us. As we have grown rapidly, having an expert accounting firm has been important. In addition, this contact later coincidentally led to an opportunity for us to expand our property base,” says Ville.

According to Heli, an accounting firm is a very important partner for an entrepreneur, so it’s a good idea to choose it carefully. The skills and resources of the accounting firm must be matched to the needs of the entrepreneur.

“The decision is important, but not final, as you can also change your accounting firm if necessary,” she stresses.

## A successful business in a demanding industry

The aim of the entrepreneurs is to provide a service that respects the child and takes into account individual needs. But at least as important is the staff, whose retention has become a matter of honour for the company. The company invests in resources, and there are significantly more staff than the licence would require.

“We want to show the whole of Finland that it is possible to do this and succeed, and that this most demanding child welfare work can be done in a way that supports the wellbeing of the staff. The staff must also have the opportunity to develop their activities,” the entrepreneurs say.

“We created a comfortable workplace, but above all a childhood for the children,” Matti emphasises.

Ehot Oy's entrepreneurs were voted as the audience favourite in the New Entrepreneur of the Year competition. In the photo are Ville Rouhiainen and Tommi Mustonen. Business advisor Heli Tavasti (centre) praises the entrepreneurs for creating a positive atmosphere also outside the company.



### Plan carefully

- Advance planning always pays off, so take the time to plan.
- Ask for help and listen to other people's ideas.
- Prioritise your own skills and outsource things that are not core to your business.

# Turning an enterprise idea into a business idea

*A business idea is an idea that indicates why you want to start a business. When considering a business idea or an operating model, the most important thing is to make sure that there are customers willing to pay for your solution.*

Make sure you consider your business idea from the point of view of potential customers. How can you create value for the customer by offering your expertise? Which operations do you have the best knowledge, skills and financial preconditions for?

An enterprise idea must be developed into a concrete business idea. The business idea answers the following questions:

- What does your company do?
- What are you selling?
- Who is your target audience and how do you sell your products or services?

Your business idea is your competitive advantage in the market. What is

different about your business idea? How will you stand out from the competition? What are your customers willing to pay for? Identifying customers' needs and market trends is important in order to understand what qualities the customers value.

Is your product or service, for example, more effective, cheaper, of higher quality, more pleasant or simpler than that of your competitors? Do you make buying easier for the customer? You will get the best insight when you conduct a market survey and a competitor analysis. The most genuine feedback about your product will come from your potential customers. However, an opinion poll does not always necessarily tell the whole truth about customers' buying habits.

Analyse the competitive situation in your industry. Industry refers to the sector in which the company operates, such as catering (restaurants and cafes), hairdressing and beauty care services, construction, or cleaning. Some industries are more competitive than others. If you operate in a highly competitive industry, you need to be able to stand out from your competition. What can you do a little better than others?

**What can you do a little better than others?**



## Evaluate your business idea from different perspectives

### 1. Benefits to the customer

For what purpose will the customers use the product/service? Why would a customer want to buy the product/service?

### 2. Brand

Why would the customer want to buy the product/service from you?

### 3. Competitive advantage

How can you stand out from the competition? What will your product/service cost? How will you package and deliver the product?

### 4. Customers

How will you reach your customers? How many customers do you have? How do the customers want to buy? How much are the customers willing to pay? How would the customers like to pay?

### 5. Way of working

Will you manufacture the products yourself? Will you buy the products from a subcontractor? Will you operate locally or globally? What will be your business hours? How will you handle support functions such as accounting? How will you market and sell the product/service?

### 6. Resources

How will you get the necessary facilities? Will you need separate production and office facilities? Will you need any machinery or equipment? Where will you get the finances you need to get started? Do you (and your partners) have the necessary expertise and experience?

In addition, be sure to check if implementing your business idea requires a professional qualification or a license.

# Where to get the business idea?



A good business idea is based on market demand and the entrepreneur's own know-how. The success of companies is often dependent on the knowledge and expertise of their owners.

## Own idea, best idea?

Implementing a business idea based on one's own knowledge and expertise is the most common way to start a business, especially in the service sectors. The idea does not have to be new to be successful. For example, hairdressers often start a barber-hairdresser enterprise and drivers become entrepreneurs in the transport sector.

A business idea can arise from a problem you encounter in everyday life for which you have a solution. While your idea may seem like the greatest idea in the world to you, you should always consider it from the point of view of the customer. The product (goods or a service or a combination of these) must be something that the customer is willing to pay for. You should always be prepared to adapt your idea based on customer needs and market demand.

## Something completely new

A company may be established to commercialise a completely new business idea, product, service or invention. This way of starting a

business often involves the most risk, and obtaining funding may be very difficult at first.

Finding new market needs requires active following of the corporate environment and the recognition of needs as early as possible. The entrepreneur who first recognises a new market gap may base their business idea on filling this gap. A new idea may be a success.

## Leverage an existing idea and buy a company

You can also start a business by leveraging an existing business idea. You may implement it in a new and more competitive way, or in a new market area.

You can also become an entrepreneur by buying an existing company or part thereof. The acquisition of an existing company naturally involves risks but it offers a new entrepreneur a simple way to get started and a possibility to commence business operations immediately as the customers and turnover already exist. However, if you buy a company, you should keep in mind that you cannot buy the

market. Even the new entrepreneur will have to earn their customers.

The Enterprise Agencies are there to assist you if you want to start a business by buying an existing company. We will help you get acquainted with the company and assess the risks and opportunities involved in the transaction.

You can find available companies at [WWW.FIRMAKAUPPA.FI](http://WWW.FIRMAKAUPPA.FI) and [WWW.YRITYSKAUPAT.NET/EN](http://WWW.YRITYSKAUPAT.NET/EN). You can also search for a suitable company on your own and contact its owner, even if the company is not publicly for sale.

## Franchising

Acquiring an existing business idea and operating model, i.e. franchising, is an effective way to get started as an entrepreneur. A franchise agreement will provide you access to a pre-developed, market-tested and successful concept. As a franchisee, you will pay a membership fee based on your operating income, which often also covers training and various support services.

Learn more:  
[WWW.FRANCHISING.FI](http://WWW.FRANCHISING.FI).

# Business plan

*A business plan is a written plan that indicates how an enterprise will implement its business idea in practice. The business plan is used as a roadmap when starting a business and as a tool for business development.*

The business plan provides the key information about the business and its chances of success. The business plan is a tool that enables entrepreneurs to plan, and it can also be used in negotiations with potential investors and business partners.

## **A business plan outlines the business idea**

A written business plan will help you outline your business idea. The business plan outlines the entrepreneur's skills, the features of the company's product and/or service, the target customer groups, and how the enterprise intends to sell and market its products. The business plan also describes the operating environment and competitors of the enterprise.

The future activities should be assessed in the most comprehensive and honest way possible. A good plan also highlights the risk factors that may affect the success of the business.

## **Calculations are key**

Financing, profitability and sales volume calculations as well as the cash flow statement are a key part of the business plan. They allow you to assess your company's profitability and the need for investment, i.e. the amount of money you need to start your business.

**A business plan  
will help you  
outline your  
business idea.**



## A business plan is a tool that can be used in negotiations with possible investors.

- » A well-prepared business plan gives an idea of the profitability of a business and its prospects. It allows you to show that your business has a chance to succeed, even if you do not have any financial data yet.

### The business plan evolves with the business

Define the scope and content of the business plan according to your needs. A business plan always reflects the entrepreneur's own thoughts and ideas, which is why it should not be prepared by anyone else. The scope of the business plan depends on the business. A good business plan includes a brief summary of the intent of the company.

In addition to the current situation, the business plan should clearly communicate the company's future plans. A clear, yet sufficiently detailed business plan will make it easier for you to make decisions related to your business.

The business plan is not meant to be set in stone, it is a document that evolves with the business. The business plan should be regularly revised and updated in order to be useful for the company's strategic development.

### How to prepare a business plan

Invest enough time to develop your business plan. You do not have to complete the business plan in one sitting, you can refine the plan later.

What is important is not the amount of text, but the fact that you outline all the key information about the business, your own skills, and future plans. Make sure that an outside person, such as an investor, is able to read and understand the plan.

You do not have to create the business plan in the exact order of our example, but we recommend you to consider all the aforementioned aspects when you create your plan.

## A business plan is important for investors

A business plan allows your investors to assess your business's prospects. A business plan is required when applying for external funding, start-up funding, public business grants, or investments from potential shareholders.

A business plan can also be used in negotiations with other business partners, such as lessors, subcontractors, or suppliers.

## Is your company a start-up?

So far, there is no single, widely accepted definition of a start-up. Therefore, identifying a startup company is not always simple. According to Steve Blank, a professor of entrepreneurship at Stanford University and a well-known serial entrepreneur, a start-up is a temporary organisation searching for a repeatable and scalable business model.

### Start-up company features:

- From the outset, scaling and rapid growth play a significant role in planning and testing the business model. Scaling is based, for example, on replicable product or service innovation or a business model that resolves growth constraints in a new way.
- The business model may change several times as the entrepreneur gains more practical experience. A start-up company may not have extensive or long-term information on the profitability of the business. Therefore, the activity usually involves a high risk.
- Business is also often unprofitable in the initial stages. Thus, setting up and growing the business may require external funding. Due to the high risk, most start-ups fail – either completely or in achieving their growth target. For this reason, investors usually expect a fairly high return on their investments.

# Business plan structure

## Basic company information

- Names of the entrepreneur and /or team members
- Original name of the company
- Company address
- Main industry
- Company form or mode of operation

## Business idea

- Briefly describe your business idea. How would you describe your company to a stranger for the first time?
- What types of products or services do you provide?
- Who is your target audience and how do you sell your products or services?

## Expertise

- How does your education, skills, or work experience support becoming an entrepreneur in this industry?
- What skills do you think you need to improve?

## SWOT analysis

- The SWOT analysis describes the internal strengths and weaknesses of the business idea, the entrepreneur, and the company, as well as the external opportunities and threats (see example on page 34).

## Products and services

- What products or services do you offer to your customers? At what price? What is your pricing based on?
- How much do you aim to sell in a day, in a week, in a month, or in a year?

## Customers

- Who are your customers, i.e. who do you sell to? Do you sell

- your products or services to consumers or other businesses?
- Describe your typical customer on a general level.
- Specify your key customer groups.

## Markets and competitors

- Where is your target market geographically located?
- Does your company operate on the Finnish market or does it have international potential?
- How many potential customers are there in the market? How and why will your company attract customers?
- What are the prospects for market development?
- Who are your competitors? List 3–5 key competitors.
- How do you stand out from other players in the same industry? What is your competitive advantage?

## Sales and marketing

- How well do you know your customers' needs?
- How do you sell your products or services? Which channels do you use?
- How and where do you sell your products or services?
- How can the customers find your products or services?

## Business goals

- What concrete goals have you set for your business for the next 3–5 years?
- Calculations related to the business plan (financing, profitability and sales volume calculations) will help you to define your goals in numbers and euros.
- Together, the text section and the calculations form your business plan.

## Risk management

- What risks may be associated with your business? How likely are the risks to materialise?
- Describe how your company is prepared for the identified risks.

## Your company

- Company premises and location
- What acquisitions or investments do you need to make in the beginning?
- What is your role in the company? Do you hire employees and/or use subcontractors?
- What permits does your company need? What notifications do you have to make to the authorities?
- How do you take care of your company's intellectual property rights?
- What kind of pension insurance and social and unemployment security do you need as an entrepreneur?
- Are you going to apply for a start-up grant from the Employment and Economic Development Office (TE Office)?

## Financial management and contracts

- How will you handle accounting and billing?
- How will you organise the early-stage financing of your business?
- What type of contracts does your company need?





# Support for your company's financial management

Learn the basics – easily in one  
place.

Read more about  
[op.fi/financial-coaching-for-entrepreneurs](https://op.fi/financial-coaching-for-entrepreneurs)

# Calculations turn your ideas into numbers

*The business plan should include at least a financing, profitability and sales volume calculation. The information provided by these calculations will help you outline your pricing and sales targets and understand where all your costs come from.*

The business plan calculations will help you determine the following:

- How much does it cost to start your business?
- How are you going to fund your business activities?
- What costs will your business incur and what should be your sales target?
- How much working capital do you need to manage your early-stage costs?

You will also need this information later on as you develop your business.

## **The calculations form a whole**

The financing statement should take into account all the investments and operating expenses required to start a business. These include, for example, costs related to tools, machinery, cars, rent, marketing, initial inventory, and possible salaries. Be realistic when making the financing calculation: the figures must be based on actual amounts and needs.

When making the calculation, think about how much of your

own capital and property you can invest in the business. The sources of funding need to cover all your funding needs, so you will probably also need to obtain funds from outside sources, such as a bank. Keep in mind that the start-up grant is not considered an actual source of funding, because it is meant to cover the entrepreneur's personal living costs only, to secure their income.

A profitability calculation shows how much you need to sell to make your business profitable. In the sales volume calculation, the minimum invoiced sales target indicated by the profitability calculation can be apportioned among different customer groups and products. The cash flow statement (pages 70–72) helps you ensure that you always have enough money in your bank account to pay the bills.

The calculations are estimates of the future and should be examined as a whole. If your investment needs change, it will also affect the profitability of your business. Update your calculations as your plans materialise.

**Calculations help you determine your financing needs.**



# Financing statement (12 months)

The financing statement calculation will help you determine how much money you will need to start your business (expenditure requirements) and plan how you can finance your business (sources of funding).

- What are the necessary purchases for your business?
- How much working capital do you need to survive the first few months?
- Can you invest your own capital and/or property in the business?
- How much credit do you need, where can you get it and what does it cost, and do you need collateral?

Expenditure requirements (before starting a business)		€
<b>Investments</b>	Purchase price in the case of a business acquisition	
	Administrative expenses, e.g. registration fee	60
	Equipment and machinery, incl. IT equipment	2,000
	Property given as a capital contribution (existing machines, work tools and supplies)	500
	Phone	200
	Equipment installations	
	Car	
	Furniture	1,600
	Renovations	1,000
	Marketing investment	740
<b>Working capital 1–6 months</b>	Websites, brochures, booking systems	1,000
	Facility rental/rent deposit	1,400
	Equipment rental/leasing	
	Entrepreneur's own salary	4,000
	Employee salaries	
<b>Current and liquid assets</b>	Other working capital expenditure	
	Initial inventory	500
	Cash reserve	1,000
<b>Total exp. requirement</b>		<b>14,000</b>

**INSTRUCTION:** Enter the registration/establishment fee (the price varies between €60 and €380 depending on the form of enterprise) and any legal fees, e.g. for drawing up a shareholders agreement, here.

**INSTRUCTION:** This value is mainly informative and does not affect the calculations. If you are a carpenter and you already have tools worth thousands of euros, enter their estimated value here. Be sure to add the same figure to the funding sources as well.

**INSTRUCTION:** If you estimate that it will take 3 months before you can pay the rent with internal financing (money received from customers) and you have to pay a 3-month rent deposit, enter your monthly rent x 6 here.

**TIP:** Calculate the total amount of compulsory expenditure from your last month's statement and multiply it by the number of months you estimate it will take before you can use internal financing.

**NOTE!** In the income statement, machinery, equipment and furniture with an estimated service life of more than 3 years are depreciated by 25% annually. In the tax years 2020–2025, new machinery and equipment can be depreciated by up to 50%. See the three-year profit plan (page 29).

**INSTRUCTION:** When establishing a cooperative, be sure to include the cooperative fees in the cooperative capital.

Sources of funding (how you arrange start-up funding)		€
<b>Equity</b>	Property given as a capital contribution	500
	Personal cash investments	3,500
	Share capital (only applies to limited companies)	
<b>Loan capital</b>	Partnership loan (only applies to limited companies)	
	Bank loan and Finnvera loans	10,000
	Other loans (e.g. related party loan)	
	Others (e.g. credit limit)	
<b>Total sources of funding</b>		<b>14,000</b>

# Profitability calculation (12 months)

The profitability calculation allows you to determine your minimum turnover target.

	Per Month	Per Year (12 months)
<b>Target profit<sup>1)</sup></b>	<b>1,800</b>	<b>21,600</b>
+ Loan repayments	240	2,880
<b>= Net income</b>	<b>2,040</b>	<b>24,480</b>
+ Taxes <sup>2)</sup>	500	6,000
<b>= Gross income (Before taxes and loan repayments)</b>	<b>2,540</b>	<b>30,480</b>
+ Loan interest	27	324
<b>A = Total</b>	<b>2,567</b>	<b>30,804</b>

Fixed operating costs (excluding VAT) <sup>3)</sup>	Per Month	Per Year (12 months)
Pension insurance for the self-employed (YEL) <sup>4)</sup>	313	3,756
Other insurance	100	1,200
Employee salaries		0
Indirect remuneration costs (approx. 40%)		0
Entrepreneur's own salary (excl. private traders)		0
Rent and electricity	700	8,400
Leasing payments		0
Marketing, advertising, trade fairs and other sales promotion activities	100	1,200
Telephone and internet	50	600
Travel and car expenses	200	2,400
Bookkeeping	100	1,200
Office expenses, bank payments, etc.	20	240
Training		0
Magazines, subscriptions, professional literature, newsletters		0
Repairs, maintenance and software updates	20	240
Unemployment fund		0
Other costs	100	1,200
<b>B = Total fixed costs</b>	<b>1,703</b>	<b>20,436</b>

	Per Month	Per Year (12 months)
<b>A+B Sales margin required</b>	<b>4,270</b>	<b>51,240</b>
Purchases	575	6,900
<b>= Turnover</b>	<b>4,845</b>	<b>58,140</b>
+ VAT (24% used in this formula) <sup>5)</sup>	1,163	13,954
<b>= Total sales/invoicing</b>	<b>6,008</b>	<b>72,094</b>

	Excl. VAT	Incl. VAT
<b>Invoiced sales target</b>	<b>58,140</b>	<b>72,094</b>
Monthly invoiced sales target (e.g. 11 months/year) <sup>6)</sup>	5,285	6,554
Daily invoicing target (e.g. 20 days/month)	264	328
Hourly invoicing target (e.g. 8 h/day)	29	36

## 1) Target profit

If you are a private trader, enter your target profit here. If you are setting up a limited company, the target profit is usually zero, and your own gross salary is added to the fixed costs.

## 2) Taxes

You can calculate your personal tax rate using the information on:

[WWW.VERO.FI/EN/E-FILE/MYTAX](http://WWW.VERO.FI/EN/E-FILE/MYTAX).

The corporation tax for limited companies is 20%.

## 3) Fixed costs

Fixed costs are costs that remain fixed regardless of changes in sales volume. Typical examples of fixed costs include rent, pension insurance, and employee salaries. If the cost depends on the sales volume, it is a variable cost that is recorded in the sales calculation (page 30).

## 4) YEL pension insurance

YEL insurance is mandatory if you work as an entrepreneur and your work input exceeds the lower YEL income limit defined by law. The YEL income should correspond to the wage that you would pay to an outside worker that you would hire to do the same work. The amount of YEL income is based on the average salary in your business sector. You can determine the amount of your YEL insurance using the YEL income calculator: [WWW.VARMA.FI/EN](http://WWW.VARMA.FI/EN) > Self-employed > Pension insurance for the self-employed (YEL) > Determination of YEL income.

## 5) Value added tax (VAT)

All values in this calculation are exclusive of VAT, but it is added at the end to illustrate the difference. The formula uses a general tax rate of 24%. (Other VAT rates are 14%, 10% and 0%.)

## 6) Monthly invoiced sales target

The monthly values are multiplied by twelve to calculate the annual value. However, the entrepreneur also has to take a vacation sometimes, and their customers are also occasionally on vacation. Therefore, in the monthly target calculation, the annual values are divided by eleven. In many cases, there are even fewer active sales months.

## Profit plan (3 years)

The three-year profit plan provides an example of the development of the company's business and operating results. The calculation should be updated at least once a year.

	Year 2	Year 3
<b>Income</b>	+ 5%	+ 5%
<b>Expenses</b>	+ 5%	+ 5%

Euros	Year 1	Year 2	Year 3
Sales revenue	72,094	75,698	79,483
VAT	13,954	14,651	15,384
<b>Operating income/loss</b>	<b>58,140</b>	<b>61,047</b>	<b>64,099</b>
Materials and supplies	6,900	7,245	7,607
Personnel expenses	0	0	0
Rent	8,400	8,820	9,261
Marketing	1,200	1,260	1,323
Other operating expenses	10,836	11,378	11,947
Depreciation	900	675	506
<b>Operating profit</b>	<b>29,904</b>	<b>31,669</b>	<b>33,455</b>
Financing costs	324	230	137
<b>Profit before taxes</b>	<b>29,580</b>	<b>31,439</b>	<b>33,318</b>
Taxes	6,000	6,288	6,664
<b>Profit for the period</b>	<b>23,580</b>	<b>25,151</b>	<b>26,654</b>

The calculations should be examined as a whole.

### Depreciation

Machinery, equipment and furniture with an estimated service life of more than 3 years are depreciated by 25% annually. In the tax years 2020–2025, new machinery and equipment can be depreciated by up to 50%. Depreciation reduces the company's taxable income.

### Financing costs

Loan interests can be deducted as financing expenses. The profit for the financial period must also be sufficient to cover loan repayments.

# FINNISH TRADE REGISTER – CHECKLIST FOR ENTREPRENEURS



Make sure your details are up to date – file changes at [ytj.fi](https://ytj.fi).



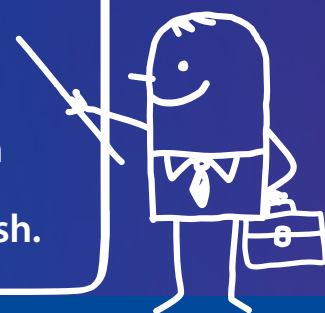
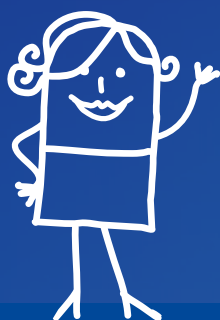
File a notification of beneficial owners. Read more at [www.prh.fi/beneficial\\_owners](https://www.prh.fi/beneficial_owners).



File your financial statements at [ytj.fi](https://ytj.fi).



It is quicker and cheaper to file online than using paper forms (Y forms). The online service is available in Finnish and in Swedish.



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## Sales volume calculation (1 month)

Example of a sales volume calculation. The example entrepreneur's business idea is providing beauty care services.

	Product/ product group 1	€	Product/ product group 2	€
<b>Products/ name of product group</b>	<b>Facial care</b>		<b>Pedicure</b>	
	unit price	85.90	unit price	61.71
	- expenses	10.00	- expenses	7.00
	= margin	75.90	= margin	54.71
<b>Customer/ customer group</b>	<b>Unit, hours etc.</b>		<b>Unit, hours etc.</b>	
A. Women >50 yrs	7	531.30	9	492.39
B. Women 30-49 yrs	15	1,138.50	7	382.97
C. Youth 15-18 yrs	5	379.50	1	54.71
D. Men 30-50 yrs	3	227.70	5	273.55
E. Young adults 19-29 yrs	2	151.80	1	54.71
Total sales margin		2,428.80		1,258.33
Product sales total	32	2,748.80	23	1,419.33
Total expenses		-320.00		-161.00

	Product/ product group 3	€	Product/ product group 4	€	Product/ product group 5	€	Excluding VAT
	<b>Eyelashes and eyebrows</b>		<b>Sugaring</b>		<b>Body care</b>		
	unit price	28.23	unit price	23.39	unit price	75.84	
	- expenses	1.50	- expenses	3.00	- expenses	5.00	
	= margin	26.73	= margin	20.39	= margin	70.84	
	<b>Unit, hours etc.</b>		<b>Unit, hours etc.</b>		<b>Unit, hours etc.</b>		<b>Total</b>
	5	133.65	5	101.95	2	141.68	<b>1,400.97</b>
	12	320.76	15	305.85	8	566.72	<b>2,714.80</b>
	5	133.65		0.00		0.00	<b>567.86</b>
		0.00	2	40.78	2	141.68	<b>683.71</b>
	3	80.19	2	40.78	2	141.68	<b>469.16</b>
		668.25		489.36		991.76	<b>5,836.50</b>
	25	705.75	24	561.36	14	1,061.76	<b>6,497.00</b>
		-37.50		-72.00		-70.00	<b>-660.50</b>

	Month	Year
Revenue (excluding VAT)	€6,497.00	€77,964.00
Costs	€-660.50	€-7,926.00
Total sales margin	€5,836.50	€70,038.00
<b>Sales margin required, i.e., monthly invoicing target from the profitability calculation</b>	<b>€5,285.00</b>	€63,420.00
Difference (must be positive)	€551.50	

**A sales volume calculation helps you see how much of your products and services you need to sell.**

# Carefully considered pricing

*Pricing is crucial to your company's profitability. Before determining the sales price of each product or service, you should calculate carefully how much it costs you to produce or supply it.*

The three main factors to consider when setting prices are the customers, the competitors and the costs. These factors are also the basis for three commonly used pricing models

- value-based pricing
- market-based pricing
- cost-based pricing.

In value-based pricing, the price consists of the value your product or service creates for the customer. Ask yourself what added value customers are prepared to pay for. Will they pay, for instance, for the image, product quality, good customer service, a warranty /guarantee or the location?

Market-based prices are guided by the balance between supply and demand. Your competitors are key players in this model, so get to know their price level. If you sell products or services at much lower prices than your competitors, you may be able to gain customers quickly, but it can be difficult to raise the prices later on. You can use temporary devices such as introductory offers, but do not permanently compromise your margin.

In other words, avoid underpricing your product or service. Price is always an indication of quality, as well. Be careful not to ruin your image of quality by setting the price too low.

In a cost-based approach, prices are determined by adding a profit margin

to the cost price of the products or services. To calculate the sales price, the variable costs, such as the purchase price or material costs, are multiplied by a pricing factor.

If you are selling products or services directly to consumers, list the final prices including VAT on your price list and invoices. Corporate customers will be interested in the price excluding VAT, because VAT on purchases can be deducted from VAT on sales.

## Importance of sales margin

Carefully consider what the correct price for your product or service is. Your company must retain some of the product's sales price as the sales margin. If you sell products or services at a high margin, you don't need to sell a lot of them to make your business profitable. If your margin is low, you will have to sell more. So be sure to check how large the sales margin will be for each product or service sold. Is the margin sufficient when the sales volume is taken into account?

Keep in mind the fixed costs and the total use of your time. A profitability calculation will give you a good idea of the lower limits of your price range.

## Pricing your own work

As an entrepreneur, you need to

remember that the hourly price charged to your customer is not the same as the hourly pay you would receive as an employee. On top of your gross wages, your employer will also have paid employer contributions. As a rough estimate, you need to multiply the gross wage you received as a paid employee by 1.5 to achieve the same level of income as an entrepreneur.

You should also keep a record of the hours you spend on business management, marketing and sales work. In most cases, you will not be able to charge any customer directly for these hours of background work, so the time spent on such tasks must also be covered by your hourly price.

In addition to your own hourly pay, you also need to take all other expenses related to your business into account when determining the billable prices.

These include, for example

- VAT
- YEL premiums and other premiums
- tools, phone, internet connection, car
- travel expenses
- workspace rent and cleaning
- accounting expenses
- marketing
- professional literature and trainings.

Example of pricing	Competitor's price	20% cheaper price
<b>Sales price</b>	<b>€55.00</b>	<b>€44.00</b>
- 24% VAT	€-10.65	€-8.52
<b>Price excluding VAT</b>	<b>€44.35</b>	<b>€35.48</b>
- Purchase price (0% VAT)	€-28.00	€-28.00
<b>Margin</b>	<b>€16.35</b>	<b>€7.48</b>
Example of calculating the sales price		
<b>Total costs of the product</b>	<b>€150.00</b>	
+ Target sales margin (35 %)	€80.77	
<b>= Sales price excluding VAT</b>	<b>€230.77</b>	
+ VAT 24%	€55.38	
<b>= Sales price including VAT</b>	<b>€286.15</b>	

### Example

You sell a product that costs €28 to produce. Your competitor sells the same product to customers for €55 (incl. VAT). Note how the 20 percent difference in price affects the profit margin.



# Initial business funding

*In the early stages of a business, money is always needed to start up operations and make initial investments. The amount of funding needed depends on your business idea and varies greatly between industries.*

**Finnvera's Start Guarantee can be used in place of the collateral required by the bank.**

The easiest way to work out your financing needs and sources of funding is to perform a financing calculation when drafting your business plan. Your business idea and the nature of your business have a significant effect on your need for funding. For example, offering interpreting and translation services requires a much smaller initial investment than establishing a restaurant or a company manufacturing goods.

In most cases, initial funding comes from three sources:

1. the entrepreneur's own financing
2. loans
3. possible grants.

Self-financing refers to investing your own savings or other assets (property given as a capital contribution), such as machinery, real property or car, into the business.

Loans (also known as liabilities or borrowed capital) are granted by banks, pension insurance companies and other financial institutions, such as Finnvera. Even if you have kept your personal assets at the same bank for years, you should find the best banking partner for your business needs. If certain preconditions are met, your company may also qualify for publicly funded business subsidies which do not need to be paid back.

Start-ups can also turn to business angels or venture capitalists for funding to get their operations started. You can find additional information on page 87 of this guide.

Extended payment terms for supplies (supplier credit), leasing solutions,

bank accounts with overdraft facilities and credit cards can also help to secure funding in the short term. Leasing refers to long-term rental of movable fixed assets, and it can be used to obtain IT equipment and machinery, for example. The leased asset also acts as security for the funding, so separate collateral is not required.

## **Finnvera funding to help get started**

Finnvera's guarantees help start-up companies to obtain bank financing for various investment and working capital needs.

The minimum amount for a Start Guarantee is €10,000. Finnvera's guarantee coverage can be 80% at the most. However, the maximum amount granted for a single financing need at any one time is €80,000.

A new Start Guarantee can be granted to your company after a minimum of two months have passed since the decision on the previous guarantee was made. The total sum of Start Guarantees granted to one company may not exceed €160,000. The Start Guarantee application is always issued by the bank, which assesses the company's creditworthiness. Finnvera will make a financing decision within three working days based on the information provided in the application filed by the bank.

Additional information:

[WWW.FINNVERA.FI/ENG](http://WWW.FINNVERA.FI/ENG) > Start > Setting up a company.

## **Take advantage of European Investment Fund programmes**

Banks can issue guarantees for the financing needs of businesses at different stages of their life cycle, such as investments and working capital and start-up financing required by the business or enterprise acquisitions. »



» More information: [OMASP.FI](http://OMASP.FI) > Yritysiasiakas > Rahoitus (in Finnish) and [EURAHOITUSNEUVONTA.FI](http://EURAHOITUSNEUVONTA.FI) > Ohjelmat > EIR:n tarjoama riskinjako (in Finnish).

### Business development aid

The ELY Centre may grant business development aid to SMEs that meet the prerequisites for profitable business and have enough of their own resources for development measures to improve competitiveness. Business development aid is always granted on a discretionary basis. The contribution is based on an assessment of the company and project, performed separately for each initiative.

#### A grant may be issued for

- business development
- innovation
- development and investment projects related to growth or internationalisation.

The contribution must be applied for before the start of the development project. At least half of the project funding must come from the company itself.

Additional information: [WWW.ELY-KESKUS.FI/EN](http://WWW.ELY-KESKUS.FI/EN) > Business and industry.

### Business financing for rural areas

ELY Centres and Leader Groups also help to facilitate entrepreneurship in the Finnish countryside. The EU's rural development funding schemes offer a wide range of opportunities for businesses to develop and modernise their operations.

Rural development funding is intended for micro and small enterprises in eligible rural areas and for agricultural holdings diversifying their business activities outside agriculture and forestry. An exception is made for medium-sized enterprises, which can receive aid for processing agricultural products.

#### Aid may be granted for

- setting up a business (including start-ups, entrepreneurship experiments, part-time and full-time entrepreneurship)

- business development (development of products and services)
- investments (tangible and intangible investments and investment feasibility studies).

In addition, EU rural development funding can be granted for development projects and business group projects that promote business activities, business cooperation, and the vitality of rural areas.

You can apply for EU rural development funding from the ELY Centres or from your local Leader Group. The funding application is completed in the online service Hyrrä. Before submitting an application, we recommend contacting the ELY Centre or your local Leader Group to discuss your idea and suitable funding. You should be aware that the activity for which you are applying for funding can

only be started after you have submitted your application.

More information: [WWW.MAASEUTU.FI](http://WWW.MAASEUTU.FI) > Yrittäjälle (in Finnish), [WWW.MMM.FI](http://WWW.MMM.FI) > Areas of expertise > Rural areas > Rural entrepreneurship and [WWW.RUOKAVIRASTO.FI](http://WWW.RUOKAVIRASTO.FI) > Tuet > Maaseudun yrittäjyys (in Finnish).

More information on EU rural development funding: [WWW.MAASEUTU.FI](http://WWW.MAASEUTU.FI) > Kehittäjälle (in Finnish) and [WWW.RUOKAVIRASTO.FI](http://WWW.RUOKAVIRASTO.FI) > Tuet > Maaseudun palvelut ja elinkeinojen kehittäminen > Kehittäminen ja yhteistyö (in Finnish).

You can apply for funding online via the Hyrrä service: [WWW.RUOKAVIRASTO.FI](http://WWW.RUOKAVIRASTO.FI) > Tuet > Asiointi > Hyrrä – maaseudun tukien sähköinen haku (in Finnish).

**Ask for help with the applications when necessary.**



# Identify and tackle risks

*Business is always associated with uncertainties, i.e. risks. You need to identify the risks to be able to prepare for them, manage them and protect your business against them.*

In business, a risk is more than a potential loss: it can also be an opportunity. To succeed as an entrepreneur, you have to be ready to take controlled risks.

Typical examples of the risks faced by companies include business, contractual and liability risks, data security and product risks, environmental and business interruption risks, as well as risks from crime. Risks can also be divided into strategic, economic and operative risks, as well as pure risks (risks of loss). Pure risks include property, operational and personal risks. Insurance is a means of risk management that transfers some of the risks from your business to the insurance company.

As an entrepreneur, you should think about how events in your personal life would affect your business. What preparations should you make in case of a severe illness or accident? What would happen if you had a divorce?

Good risk management is proactive

and systematic. You can also ask the business advisors and experts at your local Enterprise Agency for help with risk management.

## Tools help

You can use a four-field matrix known as a SWOT analysis to help identify risks. The SWOT analysis describes the strengths and weaknesses of the business idea, entrepreneur and company, as well as the opportunities and threats.

The top half of the matrix shows the current situation and the internal factors of the company. The bottom half shows the future and external factors. Positive factors are shown on the left side and negative factors on the right side. This analysis helps you examine how to further develop your strengths, eliminate weaknesses, exploit opportunities and counter threats.

The PESTE analysis is another tool for identifying risks. It is used to examine

external factors which are beyond the company's own influence but still need to be taken into account. The abbreviation stands for political, economic, social, technological and environmental factors.

## Spotting scams

Scams or frauds preying on companies have increased significantly. As a new entrepreneur, you might be targeted by deceptions such as directory scams, offers masked as invoices or counterfeit invoices demanding money for a trademark.

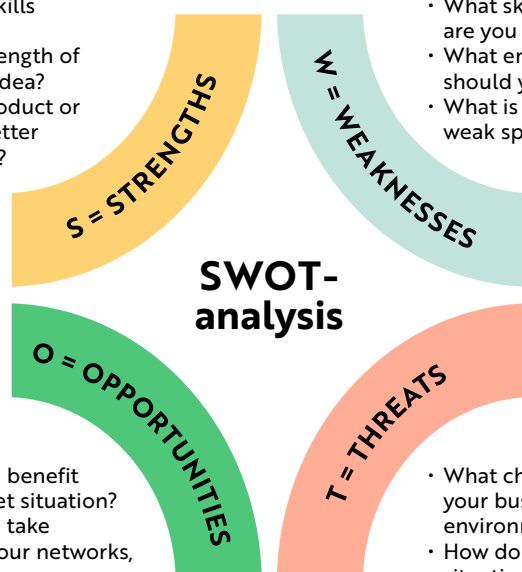
Do not place any orders or enter into agreements over the phone, unless you are absolutely sure of what you are ordering and how much it costs. If you receive an invoice for a service you do not think you ordered and the call was recorded, you can demand access to the recording. If you have refused to purchase a service but receive an order confirmation or invoice anyway, file a complaint.

Carefully review all received invoices. Some of them may actually be offers disguised as invoices, in which case you do not need to pay.

You can find additional information in the guide of the Federation of Finnish Enterprises: "Yrittäjä, näin tunnistat ja torjut huijaukset", [WWW.YRITTAJAT.FI/EN](http://WWW.YRITTAJAT.FI/EN) and [WWW.PR.H.FI/EN](http://WWW.PR.H.FI/EN) > Trade register > Protect yourself from scams.

Here are examples of questions you can use when using the SWOT analysis.

- What special skills do you have?
- What is the strength of your business idea?
- How is your product or your service better than any other?



- What skills or resources are you lacking?
- What entrepreneurial skills should you strengthen?
- What is your business idea's weak spot?

- How could you benefit from the market situation?
- How could you take advantage of your networks, for example?
- What new innovations could your company bring to the market?

- What challenges does your business environment have?
- How does the competitive situation or demand in your industry evolve?
- How are you coping?

# Activities subject to authorisation

*There is freedom of trade in Finland, which means people are generally free to conduct business without a licence. However, there are also some industries for which a licence is required by law. In these fields, you must apply to the competent authority for authorisation before starting operations.*

**Licences and permits are often granted for a fixed period of time.**



Licences are granted by local authorities (municipalities and cities), Regional State Administrative Agencies, government departments, local environmental protection authorities and other licensing authorities. In some cases, permits from several different authorities are needed. In the catering industry, for example, hygiene certification and licences to serve food and alcohol are required, and notifications must be submitted to the health inspector, rescue services and building control services.

Licences and permits are often granted for a fixed period of time, and some need to be renewed periodically. Applications are usually subject to a fee.

Before starting a company, always ask about the following:

- Will you need to get a business licence, submit notifications or register the company based on your intended operations?
- Will your business operations require approval by an authority or special professional qualifications?

You can find information on permits, licences and approvals specified by industry and municipality at [WWW.SUOMI.FI/FRONTPAGE](http://WWW.SUOMI.FI/FRONTPAGE) > Information and services > For companies or organisations > Permits and obligations. A comprehensive list is also available at [WWW.UUSYRITYSKESKUS.FI](http://WWW.UUSYRITYSKESKUS.FI) > Setting up a business > Industries under authorisation.

## Social welfare and health services

The National Supervisory Authority for Welfare and Health Valvira ([WWW.VALVIRA.FI/EN](http://WWW.VALVIRA.FI/EN)) is responsible for

the licencing of social welfare and health care professionals in Finland. Licences are subject to application and appropriate qualifications. Self-employed health care professionals (independent practitioners) must also submit a notification of their operations to the Regional State Administrative Agency. Providers of social welfare services are also required to submit a notification. The provision of private health care services or round-the-clock social services requires authorisation by the Regional State Administrative Agency.

Electronic applications for permits and licences in the social and health care sector are available via the [SUOMI.FI](http://SUOMI.FI) service. The portal is meant for service providers licensed by Valvira, as well as those authorised by the Regional State Administrative Agencies.

[WWW.SUOMI.FI/FRONTPAGE](http://WWW.SUOMI.FI/FRONTPAGE) > For companies or organisations > Permits and obligations.

## Food premises

If you are starting a food establishment, be sure to contact your municipal food control authority when setting up your company. In general, you must have your food premises authorised by submitting either a notification or an application for approval to the local food control authority. Remember that premises related to an e-commerce food business are also considered food premises.

Read more about the notification and approval process on the Finnish Food Authority website: [WWW.RUOKAVIRASTO.FI/EN](http://WWW.RUOKAVIRASTO.FI/EN) > Companies > Food Sector > Setting up a food business.

## Notification under the Health Protection Act

If the activities of your company may cause a health hazard to customers or housing, you must submit a written notification to the municipal health protection authority in accordance with the Health Protection Act. »

» The notification process applies to businesses such as public accommodation apartments, gyms, public saunas, spas and swimming pools, schools and after-school centres, day-care centres, children's homes, nursing homes and reception centres, as well as solariums, tattoo parlours and beauty salons. Submit a notification using the Finnish Food Authority's e-notification service: [WWW.ILPPA.FI](http://WWW.ILPPA.FI) (in Finnish).

A notification is not required if the operations are subject to an environmental permit in accordance with the Environmental Protection Act. Read more about environmental permits: [WWW.AVI.FI/EN](http://WWW.AVI.FI/EN) > Services > Businesses > Licences, notices and applications > Water and the environment > Environmental permits.

### Copyright permissions

Playing music in public places, such as the company's premises, is subject to statutory fees paid to the copyright organisations. A music licence is required if you play music in your premises using a radio, television, CD or streaming service intended for public use, or if live music is performed at your establishment.

The entrepreneur is responsible for acquiring the music licence, and the liability to compensate begins when the music starts playing. Licences to play background music are available from GT Musiikkiluvat Oy, a joint venture

between copyright organisations Teosto and Gramex: [WWW.MUSIIKKILUVAT.FI/EN](http://WWW.MUSIIKKILUVAT.FI/EN). To perform live music, you can receive permission from Teosto: [WWW.TEOSTO.FI/EN](http://WWW.TEOSTO.FI/EN).

If you intend to copy or scan copyrighted materials (such as books or magazines) at your company, you need to obtain a permit from Kopiosto: [WWW.KOPIOSTO.FI/EN](http://WWW.KOPIOSTO.FI/EN). Permits are also required for copying and printing materials from online newspapers, magazines or journals.

Images of a work of visual art can only be used on the company website or in brochures, posters and annual reports with the permission of the artist, photographer or their right holder. Licenses for using images of artists' work are available from the copyright organisation Kuvasto: [WWW.KUVASTO.FI/IN-ENGLISH](http://WWW.KUVASTO.FI/IN-ENGLISH). Free image banks can also be found online.

### Additional permits and provisions

- Depending on the city or municipality, there may be different regulations concerning outdoor advertising and sales, for instance.
- Import and export related. For permits, visit the Customs website: [WWW.TULLI.FI/EN](http://WWW.TULLI.FI/EN) > Businesses > New importer/exporter.

## Producer responsibility

When products are discarded, companies are obligated to arrange the collection and recycling of those products that fall within the scope of their producer responsibility – at the company's own expense. All companies with producer responsibility must either join a producer responsibility organisation or submit an application to the Pirkanmaa ELY Centre for registration in the producer database.

Fulfilling the producer responsibility is a statutory obligation set by the Waste Act, and neglecting it may result in a negligence penalty. Producer organisations charge their members annual recycling fees based on the amount of packaging placed on the market.

Producer responsibility applies to packaging materials, paper, tyres, vehicles, batteries and electronic devices. The responsible parties are the companies that import or manufacture these items. In the case of packaging, producer responsibility pertains to the packers and importers of the packaged products.

Read more on the ELY Centre's website at [WWW.ELY-KESKUS.FI/WEB](http://WWW.ELY-KESKUS.FI/WEB) > Producer responsibility and on Finnish Packaging Recycling RINKI Ltd's website at [WWW.RINKIIN.FI/EN](http://WWW.RINKIIN.FI/EN) > Companies' producer responsibility > Join a producer organisation.



# Permits and notifications applicable to foreign citizens

## Citizens of Nordic countries

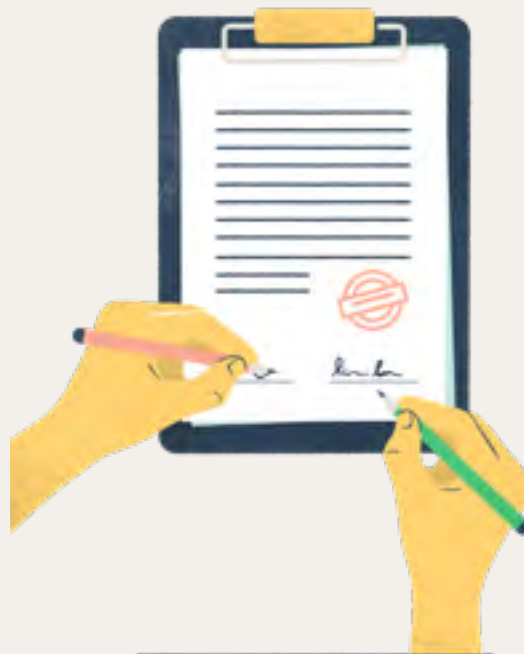
- If you are a citizen of another Nordic country moving to Finland, you do not need to apply for a residence permit. If you plan to stay in Finland for longer than six months, register with the Digital and Population Data Services Agency ([WWW.DVV.FI/EN](http://WWW.DVV.FI/EN) > Individuals > As a foreigner in Finland > Registration of a foreigner) within a week of moving to the country. You must visit the authority in person to complete your registration.
- If you want to set up a business electronically in the Business Information System ([WWW.YTJ.FI/EN](http://WWW.YTJ.FI/EN) > Notifications > Start-up notifications), you should have a Finnish identity number. A Finnish personal identity code is not needed if you file your start-up notification on paper.

## Citizens of EU/EEA Member States

- If you are a citizen of another EU Member State, Liechtenstein or Switzerland, you do not need a residence permit to move to Finland. However, register your residence permit with the Finnish Immigration Service ([WWW.MIGRI.FI/EN](http://WWW.MIGRI.FI/EN) > Permits and citizenship > EU citizen) within three months of moving to Finland. If you plan to stay in Finland for at least a year, register with the Digital and Population Data Services Agency ([WWW.DVV.FI/EN](http://WWW.DVV.FI/EN) > Individuals > As a foreigner in Finland > Registration of a foreigner).
- The process of establishing a company is the same as for Finnish citizens, although your place of residence may matter in certain situations.

## Non-EU citizens

- If you are a citizen of a non-EU country and you are planning to move to Finland to become an entrepreneur, you need to apply for an entrepreneur or a startup residence permit from the Finnish Immigration Agency. If you have been granted a residence permit on some other grounds than entrepreneurship, you can still start a business in Finland if the main purpose of your stay in the country is something other than entrepreneurship (such as family ties or studies). [WWW.MIGRI.FI/EN](http://WWW.MIGRI.FI/EN) > Permits and citizenship > Residence permit > First residence permit > Coming to Finland for work. Once you have been granted a residence permit for at least a year, register with the Digital and



Population Data Services Agency ([WWW.DVV.FI/EN](http://WWW.DVV.FI/EN) > Individuals > As a foreigner in Finland > Registration of a foreigner), where you will receive your home municipality and Finnish personal identification number.

- The process of establishing a company is the same as for Finnish citizens, although your place of residence may matter in certain situations.
- If you intend to establish a Finnish company or serve in a management role of a Finnish company, but live permanently outside the European Economic Area (EU, Iceland, Liechtenstein, Norway), regardless of your nationality, you will need permission from the Finnish Patent and Registration Office: [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade register > Permits to persons from outside the EEA
- People from Ukraine who have been granted temporary protection by the Finnish Immigration Service do not need a permit to work as a private trader. They can register as a private trader either with the Tax Administration (free of charge) or with the Trade Register (for a fee). Registration requires a Finnish personal identity number issued by the Finnish Immigration Service.

# A company born out of a desire to help

*Wellmedic Oy Ab, based in Mustasaari, offers both occupational health services and private healthcare to its customers. In a short period of time, the successful family business has expanded to four other locations.*

text ANNA LAAKSONEN photo SAMI PELTONIEMI

**Find out what permits you need before starting a business.**

**M**arta Baclund, CEO of Wellmedic, is an economist who was instilled from childhood with a desire to help her fellow beings – she comes from a family where her father is a medical doctor specialising in two fields and her mother is a midwife and nurse. Working in customer service alongside her studies reinforced Marta's belief that her calling was to help others, even if her own studies were not related to nursing.

The family business was founded by Marta's father, **Zar Nur**, in 2020. At the time, there was a lot of talk about social and healthcare reform and the privatisation of the healthcare sector, and the family wanted to contribute to meeting the demand with a company that offered a friendly and customer-oriented service. Later, the growing treatment queues caused by the COVID-19 pandemic also served as a motivator and driver of growth for Wellmedic.

The company is originally based in Mustasaari and now has offices in Karjaa, Oravainen, Vaasa, and Vöyry. Initially Wellmedic focused on occupational health care, but the services soon expanded to include private clients, of which there are many, especially in Karjaa.

## **A team of experts helped navigate the permit process**

The private healthcare sector is highly regulated and controlled. For practical

reasons, Wellmedic was established as a limited company.

“The necessary permits were finally obtained with surprising ease in just a few months. Our lawyer, accountant and board of directors were very helpful with the permits and notifications, as was **Kjell Nydahl**, Director of Business Services at Vaasanseudun Kehitysoy. Kjell was a great sparring partner, who also gave me tips on networking and applying for funding. Thanks to a good business idea and realistic profit expectations, the financing negotiations also went well,” says Marta, reflecting on the early stages of the company.

## **Diverse expertise and know-how**

Entrepreneurship is often also a question of attitude. Marta and her partners see opportunities instead of problems.

“Although Wellmedic is still a relatively small player in its field, despite its expansion, it operates like a large company. This has been made possible by a board with both strong growth company experience and youthful enthusiasm. They have had the courage to make bold decisions,” says **Tommi Virkama**, Director of The Enterprise Agency Vaasanseudun Uusyrityskeskus Startia.

The success of the company is based on the solid professionalism of a diverse and talented team. Wellmedic currently employs around 30 employees and around 15 self-employed people.

“The more diversified the skills a company has, the better it will do. We have been lucky to recruit highly skilled and motivated staff from a variety of backgrounds. To new entrepreneurs, I want to say: invest in your business idea, trust your vision, and ask for help. Business advisers help you make informed decisions, so that it pays to start a business. Finland needs entrepreneurs,” concludes Marta.

Marta Backlund has had a great team supporting her since the beginning. Tommi Virkama (right) was already helping Zar Nuri to set up his previous company.



### What is the best form of enterprise?

Setting up a business also involves choosing the form of the company. There is no single right answer to this question, but it is influenced by the following factors:

- Business idea
- The nature of the business
- Number of entrepreneurs
- The need for funding
- Taxation

# The form of enterprise matters

*Our business advisors are often asked what is the best form of enterprise. There is no universal answer to this, because the choice of the form of the enterprise must always be made based on the case. The business advisors at the Enterprise Agencies will help you find the best form of enterprise for you.*

The main forms of enterprise in Finland are a private trader, a limited liability company, a cooperative, a general partnership and a limited partnership. The most common forms are private trader and limited liability company.

The choice of form of enterprise is affected by

- the number of founders
- the need for equity and its availability
- the responsibilities and decision-making
- the flexibility of business operations
- the continuity of business operations
- the attitude of the financiers
- profit distribution and covering losses
- taxation.

## Private trader

Being a private trader means that you are conducting a business alone or with your spouse. Even if you start up a private trader company together with your spouse, the company is only registered under the name of one party. Private traders often work alone, but with a private trader, you can hire employees as with other forms of enterprise.

As a private trader, you will make all decisions yourself and be responsible with your personal assets for the company's commitments such as debts. This means that there is personal risk attached to private trader companies. If you only sell your own work, the risk in practice is very small. You can also control the risks through insurance and careful accounting. Using an accountant or a bookkeeper is in any case highly

recommended for entrepreneurs, so you can concentrate on creating profit. A private trader has no board of directors or a managing director. An audit is also not mandatory, so the administration of a private trader is very light.

As a private trader, you cannot pay yourself a salary. Instead, you will withdraw money from the company account. This is called a private drawing. This is simpler than paying salaries at a limited liability company, because no withholding taxes et cetera are paid. You will pay taxes for your business according to the annual income. Even though you own your private trader company, you must, through accounting, separate the company's finances from your own.

A private trader is often the most suitable form of enterprise for a fresh entrepreneur with a maximum turnover of up to a few tens of thousand euros. A private trader can later be changed into a limited liability company if the business grows. A private trader is also the easiest form to "put on hold" if there are changes in your life.

## Setting up a private trader

Setting up a private trader is easy, and no separate notification documents are necessary. However, you have to complete a start-up notification. You can do that through the YTJ online service at [WWW.YTJ.FI/EN](http://WWW.YTJ.FI/EN).

If you complete the notification online, you must also make a separate notification to the Tax Administration register either through the MyTax service or by using YTJ's notification of changes. Once the company is registered, the Tax Administration will send you

instructions on how to file and pay taxes.

When you are setting up a private trader, it is not necessary in all cases to register with the Trade Register. However, it might be a wise choice so that you can have an exclusive right to your company name.

You can register with the Trade Register if:

- you are at least 18 years old
- you are not bankrupt and your legal competency has not been restricted.

Once your company is registered, you get protection for your company name and can apply for an enterprise mortgage as a security for a loan.

If a private trader has prohibited the disclosure of their data from the Population Information System, they are not obliged to submit their contact details for registration. There is a fee for registering at the Trade Register. The fee for an online notification is €60, and for a printed notification €115 (2023). Check the current price at [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade Register > Price list and payment instructions > Handling fees.

## Limited liability company

You can start up a limited liability company alone or with other people. A limited liability company is a good form of enterprise especially when there is more than one entrepreneur. It can also be established by a community. The Limited Liability Companies Act does not set requirements for the shareholders' place of residence or domicile, which means that the founders can live outside the European Economic Area.

When setting up the company, you and other potential founders must issue all of »





The form of enterprise best suited to you depends on the nature of your business. Consider your choice carefully.

## Summary of different forms of enterprise

	Minimum number of founders	Minimum capital	Main decision-making body	Statutory bodies	Liability for the company's commitments
<b>Private trader</b>	The entrepreneur alone. A spouse can also be included in the business.	None.	The entrepreneur themselves.	The entrepreneur themselves.	The entrepreneur themselves.
<b>Limited liability company</b>	One.	A limited liability company can be founded without share capital.	Shareholders in a general meeting. The annual general meeting must be organised within 6 months of the end of the financial period.	The Board of Directors with at least one member and one deputy member.	Shareholders with their invested capital, unless they have guaranteed loans.
<b>Cooperative</b>	One. The number of members can vary.	None. The capital varies.	Members of the cooperative in a meeting. An annual meeting must be organised within 6 months of the end of the financial period.	The Board of Directors with at least one member and one deputy member.	Members with their invested capital (usually a cooperative fee), unless they have guaranteed loans.
<b>General partnership</b>	Two.	No monetary contribution, work contribution sufficient.	Partners together or according to the memorandum of association.	None.	Partners (also for each other's commitments).
<b>Limited partnership</b>	Two individuals, one of which is an active partner and the other a silent partner.	A monetary contribution or other kind of asset contribution is required from the silent partner.	Active partners together or according to the memorandum of association.	None.	Active partners (also for each other's commitments). A silent partner is only liable according to their contribution.



# With or without a business ID, your choice!

OP Light Entrepreneur services are for you when:

- you want your own business ID or
- you want to be a full time or a part time private trader or
- you want to send one or several invoices without your own business ID
- you want to send an invoice without your own business ID

In addition:

- registration 0 €
- clear and simple pricing, no hidden costs
- we will handle your tax returns and tax payments on your behalf
- excellent customer service
- no matter who you bank with

[op-kevytyrittaja.fi/home](https://op-kevytyrittaja.fi/home)

The OP Light Entrepreneur service is provided by Pivo Wallet Oy



# All forms of enterprise require successful risk management.

## Do not be misled by seemingly easy things

There used to be a €2,500 minimum capital requirement for setting up a limited liability company. This requirement was removed in 2019, which has increased the popularity of the limited liability company as a form of enterprise. In practice however, it is difficult to get started with zero capital. It can also be impossible to receive outside investments if the owners have not invested their own wealth in the company. An investor can think that the owners themselves do not have any trust in the company's potential or are not sufficiently committed to making a profit.

Setting up a limited liability company is easy, but closing it can be difficult. In practice, a limited liability company is always closed down through a bankruptcy process at a District Court or through a legal liquidation process if the company's assets can cover all commitments. The process of closing down can become expensive because it usually requires legal help. The business of a limited liability company can also be suspended. However, a financial statement must be submitted to the Trade Register annually. A limited liability company is a good form of enterprise but it should not be chosen based on improper grounds.



» the company's shares. As a shareholder, you are not personally responsible for the company's commitments, but instead you are responsible with the capital that you invest in the company. This means that in a limited liability company, the personal risks are lighter than those of a private trader. In principle, however, members of a limited liability company often guarantee the company's loans, and thus there is a risk. When starting up a business and planning its operations, you should remember that the form of enterprise alone does not protect anyone, but instead the risks must be managed through thorough planning and by quickly responding to changes.

A limited liability company is an independent legal entity, which means that its assets are separated from the owners' assets. The company's affairs are decided upon by shareholders, and power in decision-making is distributed according to the shares. Usually a person with more shares also has more power in decision-making. There can, however, be differences in shares: certain shares can carry more power in decision-making than others.

A limited liability company can pay entrepreneurs and employees a salary which is subtracted from the company's profit and loss. It can also pay its owners a dividend. A 20-percent corporation tax will always be collected from the limited liability company's income for a financial period. The salary paid to an entrepreneur will always be taxed as earned income, and dividends will be taxed as capital income or earned income according to the amount and the company's net assets.

A limited liability company must have a board of directors which will be chosen by shareholders. If the board of a limited liability company has fewer than three members, at least one deputy member must be elected to the board. The board takes care of the company's administration and represents the company. It can choose a chief executive officer (CEO) to run the company's day-to-day management. Choosing a CEO is not mandatory, however. In addition, a limited liability company must organise a general meeting and usually choose an auditor.

The requirements for board members and deputy members often comes as a surprise for new entrepreneurs. If you are setting up a company alone, it is worth considering if a limited liability company carries too much administrative work compared to a private trader. A limited liability company is a suitable form of enterprise especially when there are several founders and the company aims at growth. A limited liability company must report its beneficial owners to the Finnish Patent and Registration Office using the start-up notification or a separate notice (free of charge).

As of 2024, the Finnish Patent and Registration Office may order your company into liquidation or remove it from the Trade Register if the company does not submit beneficial owner details or rectify incorrect details despite requests to do so.

Read more: [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade Register > Notification of beneficial owners > Who is a beneficial owner?



## » **Setting up a limited liability company**

A limited liability company is created when it is registered with the Trade Register. Setting up a limited liability company requires a written memorandum of association, signed by all shareholders. Articles of association are attached to the memorandum, and they must include a minimum of three items of information: company name, place of registered office and line of business.

The memorandum of association must mention

- the date of the memorandum
- all shareholders
- shares issued by each shareholder
- price per share paid to the company in euros (issue price)
- date for the payment of shares
- members of the board of directors.

If necessary, the CEO and auditors must also be mentioned. The financial period must be determined either on the memorandum of association or in the articles of association.

You can complete the start-up notification for a limited liability in the

YTJ online service. You can choose from two alternatives:

### **Alternative A: Guided set-up package**

The service creates a memorandum of association and standard articles of association.

### **Alternative B: Start-up notification**

You will add the drafted documents and the articles of association in the service. Read more: [WWW.YTJ.FI/EN](http://WWW.YTJ.FI/EN) > Notifications > Start-up notifications > Limited liability company.

Registering a limited liability company in the YTJ service costs €240 for alternative A, the “guided set-up package”, and €320 (2023) for alternative B, the “start-up notification package”. Check the current price at [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade Register > Price list and payment instructions > Handling fees.

### **Shareholder agreement**

If there is more than one founder, it is always a good idea to draw up a written shareholder agreement. It is a

contractual document that defines the relationships between shareholders as well as their rights and obligations in the company. The agreement should be drawn up carefully and with consideration. Changing the agreement after starting the business can be difficult if disagreements arise between you and your business partners. Changing the shareholder agreement always requires a joint agreement between all of the parties.

The shareholder agreement can describe, for example

- the organisation of the company’s operations
- task distribution
- profit distribution
- restrictions to choosing shareholders
- principles for redeeming shares
- non-competition
- what happens to shares in the case of the death of a shareholder.

## **Cooperative**

A cooperative is a community that can be formed by one person or several people. Members can be private individuals, companies or other communities. A cooperative can be a consortium of entrepreneurs, an employer or a combination of these two. Each member can operate in their own sector or with their own clients, but all invoicing is performed through the cooperative.

A cooperative is a flexible form of enterprise where the number of members can fluctuate, if necessary. Members make decisions on new members together, and a membership cannot be bought or sold. Members can somewhat freely agree on their responsibilities and liabilities in the cooperative agreement drawn up during the founding of the company.

A cooperative is an independent legal entity. The financial responsibility of a single cooperative member is usually restricted to the cooperative fee that they have paid upon joining. Note,

however, that in order to operate, a cooperative needs funds, and members may need to personally guarantee the company’s loans.

The cooperative will decide on the cooperative fee in their rules. Members of a cooperative pay a cooperative fee, which can be specified in the rules (nominal value share) or determined in the general meeting of the cooperative (non-nominal value share). The community members decide on the cooperative’s issues in meetings. As a rule, each member has one vote. This feature makes a cooperative a more equal and democratic form of enterprise than a limited liability company. The cooperative will choose a board to run administration and to represent the cooperative. The cooperative can also choose a CEO, if it so chooses.

The cooperative’s net assets and surplus belong to the cooperative. The rules can govern their distribution and grounds for distribution. However, the aim of a cooperative is usually not to

# **A cooperative is a popular form of enterprise in the creative field.**

create a surplus.

The benefit of a cooperative is that together it is easier to be effective and cost-efficient than alone. Marketing can benefit all members, and things such as materials can be more affordable as the orders are larger. In a cooperative, joint tasks can be distributed according to members’ skills. The cooperative can also hire employees who are not members of the cooperative. When operations are more concentrated, entrepreneurs have more time for their own profession. In addition to costs, risks are also distributed.

## Essential issues should be agreed upon in writing.



- » For a community to be efficient, members must be committed. Disagreements can arise if one member takes on fewer responsibilities than another or if someone is deviating from common rules to pursue their own interests.

### Setting up a cooperative

To set up a cooperative, a written memorandum of association is drawn up and signed by all members. Once the members have signed the memorandum, the cooperative must submit a start-up notification to the Trade Register. The cooperative is created through the registration.

The cooperative's financial period must be determined on the memorandum of association or in the rules. The cooperative's rules are attached to the memorandum, and the rules must at a minimum state the company name, domicile in Finland and its line of business. In addition to mandatory rules, the rules can mention a CEO, as well as additional fees and obligations for additional payments. Standard legal regulations are applied to issues that have not been covered in the cooperative rules.

Document templates, notification forms and instructions for founding a cooperative can be found in the Set-up package of the Finnish Patent and Registration Offices on [WWW.YTJ.FI/EN](http://WWW.YTJ.FI/EN). The cooperative must be registered in the Trade Register no later than three months after signing the memorandum of association. Otherwise the foundation becomes void. The notification is given through the YTJ service with the form Y1 and its attachment form 2. A personal information form must also be completed. The obligation to

declare beneficial owners also applies to cooperatives.

As of 2024, the Finnish Patent and Registration Office may order your company into liquidation or remove it from the Trade Register if the company does not submit beneficial owner details or rectify incorrect details despite requests to do so. Registering a cooperative costs €380 (2023). Check the current price at [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade Register > Price list and payment instructions > Handling fees.

### Member agreement

The internal matters of the cooperative should not be registered in the aforementioned legal rules because the rules are a public document, available to everyone. The principles for operational matters should be registered in a separate member agreement that is not attached to the memorandum of association.

The purpose of the member agreement is to create ground rules for the cooperative to clarify the company culture and to ease the members' day-to-day activities in the cooperative.

The member agreement should cover

- the handling of administrative issues
- the distribution of tasks
- responsibilities
- how to deal with disagreements
- the selection criteria for new members
- maintaining client relationships
- internal and external communications
- quality assurance
- the scheduling and pricing of projects.

The member agreement should also » mention sanctions for deviating from

the rules. For significant violations, the sanction can even be a dismissal. The grounds for dismissal must also be clearly explained in the cooperative's legal rules.

Additional information:

[WWW.PERUSTAJANOPAS.PELLERVO.FI](http://WWW.PERUSTAJANOPAS.PELLERVO.FI).

## Must be mentioned in the memorandum of association

- the date of the memorandum
  - all founding members
  - memberships issued by the founders
  - fee to be paid to the cooperative for membership (issue price)
  - date for membership fee payment
  - board members
- If necessary, you should also mention
- the CEO, the auditors and operations inspector
  - members (and the chair) of the supervisory board
  - if the afore-mentioned are given shares: shareholders and shares issued to each shareholder, price to be paid to the cooperative for a share (issue price), date for share payment.

## » Partnerships: a general partnership and a limited partnership

A general partnership and a limited partnership are partnerships that require at least two partners/people as founders. Usually these are natural persons, but a partner can also be a legal entity, i.e. a company or a community. In a partnership, the activities are usually based on individuals, so it can be a good option when the business is focused on the partners' professional skills or personal work contribution.

The partners will invest in the company in the form of money, assets or work. In a general partnership, a partner's work contribution is an adequate investment. All partners are responsible for the company's commitments with their entire personal property and will together decide on the company's issues, unless otherwise agreed.

In a limited partnership, there are two kinds of partners: active and silent. The company must have at least one active and one silent partner. For an active partner, a work contribution is an adequate investment. A silent partner must invest money or assets with monetary value. The law does

not, however, regulate how large the investment must be. A silent partner does not have the right to participate in decision-making inside the company, unless otherwise agreed. They are also not responsible for the company's issues without a separate agreement stating otherwise.

In a general partnership, the partners are equally responsible for the company's commitments; in a limited partnership, the responsibility falls on the active partners equally. If one partner makes a commitment, the others are also responsible for it.

Partnerships are somewhat unpopular, but in some cases, they can be an excellent form of enterprise. A general partnership is a cheaper and lighter option for joint entrepreneurship than a limited liability company, and a limited partnership suits a single entrepreneur with a private investor.

The benefit of partnerships is that they are easy to establish and administer. However, they require clear agreements and a mutual understanding. A partnership is usually a good choice for family companies.

### Setting up a partnership

The partners will draw up a written

memorandum of association, which, according to the law, must include the company name, domicile in Finland, line of business and partners.

The articles for a limited partnership must also mention the active and silent partners, as well as the value of each silent partner's contribution in euros.

General partnerships and limited partnerships must disclose the beneficial owners if the beneficial owner is a person other than a partner. After signing the memorandum of association, the company should be registered with the Trade Register and the Tax Administration. A notification should be submitted to the Trade Register using form Y2. A personal information form must also be completed. The memorandum of association must be attached to the notification. The registration must be completed within three months of signing the memorandum of association, otherwise the foundation becomes void. Registering a partnership costs €240 (2023). Check the current price at [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Trade Register > Price list and payment instructions > Handling fees.

In addition to the legal articles, it is worthwhile for a partnership to draw up a partnership agreement that is not attached to the start-up notification.

## Advantages and challenges of different forms of enterprise

	Advantages	Challenges	To whom
<b>Private trader</b>	<ul style="list-style-type: none"> <li>easy to set up</li> <li>light administration</li> <li>simple to make private withdrawals from the company's revenue</li> <li>easiest form of enterprise to "put on hold" if there are changes in your life</li> </ul>	<ul style="list-style-type: none"> <li>personal risk: entrepreneur personally responsible for debts etc.</li> </ul>	<ul style="list-style-type: none"> <li>for a sole proprietor who does not have large investments</li> <li>for a small-scale business</li> </ul>
<b>Limited liability company</b>	<ul style="list-style-type: none"> <li>no personal risk per se: a shareholder is responsible for the company's debts only with the capital that they have invested</li> <li>allows tax planning</li> </ul>	<ul style="list-style-type: none"> <li>requires administration (which can be outsourced)</li> <li>closing down is difficult</li> </ul>	<ul style="list-style-type: none"> <li>several founders</li> <li>operations aimed at growth</li> <li>operations require investment or financing</li> </ul>
<b>Cooperative</b>	<ul style="list-style-type: none"> <li>members responsible for the commitments only with the cooperative fee that they have invested</li> <li>expenses and risks can be shared together</li> <li>collectivity</li> <li>equality and democracy in decision-making</li> </ul>	<ul style="list-style-type: none"> <li>individual members can sometimes be poorly committed to pursuing the common interest</li> <li>founding members might not understand that the cooperative has no funds and the founders must guarantee loans</li> <li>responsibilities and obligations can become blurred or confused</li> </ul>	<ul style="list-style-type: none"> <li>when several people are doing the same or a similar job and they can then take advantage of the company's joint operations</li> <li>when the members might fluctuate</li> <li>for people who want to work as a part of a community</li> </ul>
<b>Partnerships (general partnership, limited partnership)</b>	<ul style="list-style-type: none"> <li>easy to set up</li> <li>light administration</li> </ul>	<ul style="list-style-type: none"> <li>requires strict agreement as well as a mutual understanding and trust</li> </ul>	<ul style="list-style-type: none"> <li>for partners when a private trader is not an option</li> <li>for family businesses</li> <li>limited partnership: for a single entrepreneur with a private investor</li> </ul>



# You're starting to run your own business: congratulations on your choice!



**Yrittäjät**

**Make running your own business easier and get the support of Finland's largest small-business community and its perks:**

- +** free legal consultation
- +** training to support your business
- +** document templates
- +** partner company member discounts
- +** strong networks and entertaining events
- +** a surprising number of other perks for a surprisingly low price

**We do our all for you to be heard in society and to make running your business easier.**

**Join your tribe.**

**Read more at [yrittajat.fi/becomeamember](https://yrittajat.fi/becomeamember)**

# Stand out with a name and protect your ideas

*When you are setting up a business, one of the biggest decisions is the name of your company. The names of products and services are also important. The name creates a basis for your corporate brand which helps you to stand out among the competition.*

**Ideas can be easily copied if they are not protected.**



The name must always be distinguishable and it cannot be in use. When considering a name, make sure that a suitable domain is available. Also consider how you can protect your intangible assets.

## **Look into name options**

Invest in the choice of a name. A good name is catchy, easily remembered and distinguishable and it supports your business. Also make sure that another company is not using the name as a company name, a trademark or a web domain. The Finnish Patent and Registration Office has a Name checking service for companies where you can check in advance whether the name you are considering can be registered: [NIMIPALVELU.PRH.FI/NIPA/EN](http://NIMIPALVELU.PRH.FI/NIPA/EN).

## **Obtain a domain**

Once your company has a name, it is time to register a web domain for the company. A national domain is by default intended for sites in that specific country. The Finnish national domain ends in **.FI**, and it is most common in Finland. To register a domain, you will need a registrar. They will often also offer other services for the domain, such as an email service and web hosting.

Everyone registering a domain must make sure that the domain does not infringe someone else's protected name or domain. You could lose the registered domain if the owner of the infringed name or trademark so insists. For more information on **.FI** domains, visit the Finnish Transport and Communications Agency website: [WWW.TRAFICOM.FI/EN](http://WWW.TRAFICOM.FI/EN) > Communications > FI domains.

You can obtain information about generic domains **.COM**, **.NET** and **.ORG**, by using the search engines operated by web ID brokers.

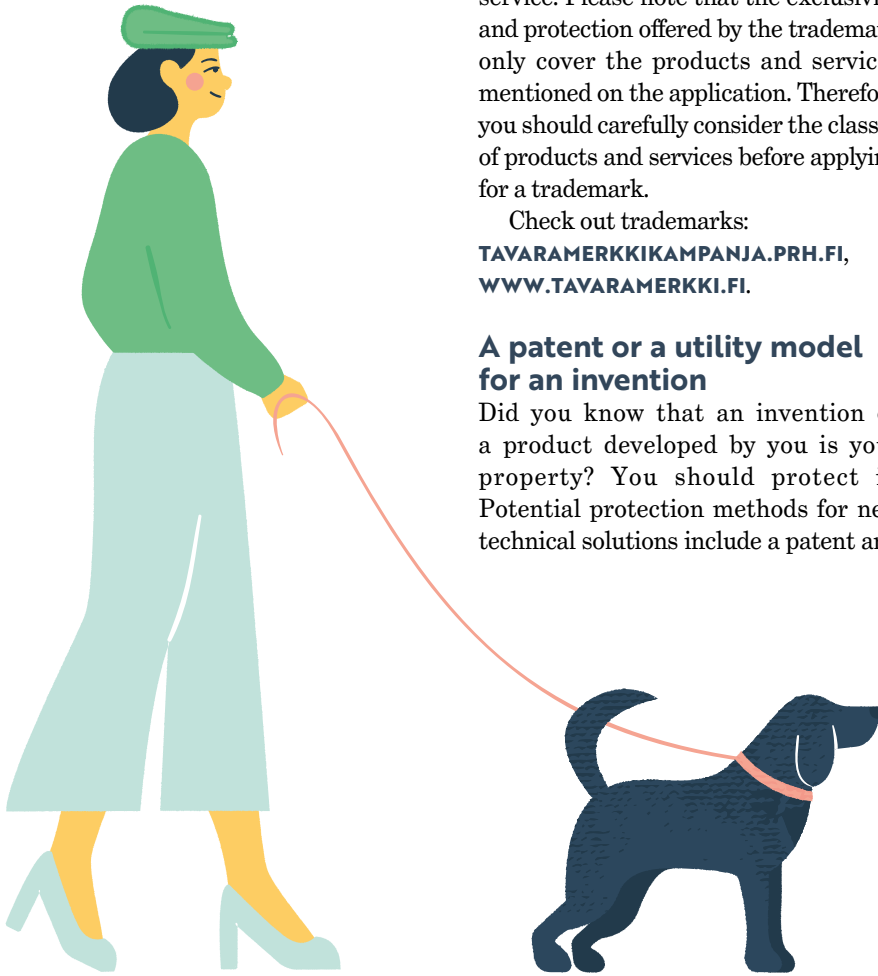
## **Rights to intangible assets – IPR**

Ideas are easy to copy. Therefore, you should protect your skills, business ideas and results of product development, which constitute the company's intangible assets. The abbreviation IPR comes from the words Intellectual Property Rights.

You should carefully consider in advance how to protect your company's products, services and inventions. Protection methods include a trademark, a patent, utility models and a design right.

Read more about intellectual property: [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > About us > Information and services > IPR Information for SMEs > Service Manual for Intellectual Property. >>





» **Trademark for a product or a service**

You can protect your products and services by trademarking them. Thus, no other company can use the same mark as a logo for a similar product or service. Please note that the exclusivity and protection offered by the trademark only cover the products and services mentioned on the application. Therefore you should carefully consider the classes of products and services before applying for a trademark.

Check out trademarks:  
[TAVARAMERKKIKAMPANJA.PRH.FI](http://TAVARAMERKKIKAMPANJA.PRH.FI),  
[WWW.TAVARAMERKKI.FI](http://WWW.TAVARAMERKKI.FI).

**A patent or a utility model for an invention**

Did you know that an invention or a product developed by you is your property? You should protect it. Potential protection methods for new technical solutions include a patent and

a utility model. A patent is an exclusive right that helps you prevent others from utilizing your invention in their business activities. A utility model is, like a patent, an exclusive right, and it is especially suitable for simple device and product inventions. It can be a suitable protection method for you if you need to protect your product quickly and a 10-year protection period is sufficient.

Read more: [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Patents, [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Utility Models.

**Design right for design products**

A design right protects the appearance of a new product or a part thereof. A design is protected by registering the model, which means that the design right applicant confirms an exclusive right to their designed products.

Read more: [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Designs.

**Applying for a trademark should be done carefully.**

## Managing a company's intangible assets in a nutshell

Protection	Purpose	Validity
<b>Company name</b>	Protects the company name.	Perpetual as long as the company is in operation
<b>Trademark</b>	Protects the name or logo of the product or service and differentiates them from other companies.	Eternal, renewal every 10 years
<b>Patent</b>	Protects a new and inventive product, device or method.	20 years (annual fees), certain products 25 years
<b>Utility model</b>	Protects a simple device or product invention.	10 years, valid for 4 years, renewal first for 4 years and then for 2 years
<b>Design right</b>	Protects the external form of the product.	25 years, valid for 5 years, renewal every 5 years
<b>Domain</b>	Protects your domain.	Min. 1 year, max. 5 years (FI domain)

# Choose an accounting firm carefully

*By outsourcing accounting, you can save time for your actual business activities and creating revenue. A proper accounting firm will also offer you advice on taxation and increasing business.*



There are numerous individual accounting firms. You should choose one carefully because an accounting firm can be one of the cornerstones of your success and an important advisor. Five tips for choosing an accounting firm:

## **1. Make sure that the accounting occurs online**

Online accounting makes the job easier for both you and your accountant, makes the service swifter and ensures that all necessary materials are available on time. Purchase invoices are always easily available, sales invoices are sent to customers easily and collection is easy. Less paper is also cheaper and better for the environment.

## **2. Find out what the costs consist of**

Accounting firms have different pricing patterns. Pricing can be based on a fixed monthly fee, the time used for the work, the number of transactions handled, or a service package that includes a certain number of transactions and where additional transactions are charged separately. The accounting firm's size and the staff's expertise might affect their pricing. An accounting firm that updates their staff's education and skillset regularly might offer slightly higher prices than average, but their service quality should be better in return. You should ask whether their services cover only bookkeeping and financial statements, or do they include consultation and going through the financial statements with the client. »

» **3. Ensure that they have a substitution system in place**

It is important that the accounting firm has ensured that they can arrange a substitute for your contact person. If they cannot offer a substitute, the tasks might be left undone because your contact person is on sick leave for example. This would naturally affect your operations as well.

**4. Preferably use an authorised accounting firm**

When an accounting firm is a member of Taloushallintoliitto in Finland, it is 'authorised', meaning that its know-how, systems and procedures have been reviewed and that their operations are being monitored. An authorised accounting firm has a liability insurance, it operates strictly in accordance with legislation and keeps its staff up to date with new regulations well before they enter into force. In Finland, the activities of accounting firms are not monitored by the authorities, as they are not subject to licence or approval.

**5. Ask for recommendations from entrepreneurs that you know**

An accounting firm with a high-quality service is usually found through a recommendation. Other people's experiences of an accounting firm's service can provide valuable information. Familiarising yourself with their reputation before entering into a customer relationship ensures that you will receive a quick and smooth service.

**Service quality is more important than price.**



## Compare banks too

*At the bank, your company will, at minimum, need a bank account for payment transactions. At some point, you will probably also need financing services. Many banks also offer insurances and consulting.*

By comparing the banks beforehand you will find the best for your situation and needs. It might feel natural to use the same bank for your business as you do for your personal finances and loans. The bank might offer you a discount if you concentrate all your finances with them, and, you are already familiar with their operating environment and personnel.

However, the best bank for your business might not be the one you use as a personal customer. The bank's service selection might not correspond with the needs of your company, or it cannot offer financing for your operations. When you start

looking for a suitable bank for your enterprise, make sure that you understand your company's banking needs. If you operate as a sole trader and sell services, you may do well with just the basic account functionalities. If, however, you have large investment needs and you aim for growth, you might require financing services or investment advice.

### Service selection varies

Different banks have different service selections. When choosing a bank, make sure that they offer all the services you need and that you do not pay for services that you do not need. If your operations are strictly

local, the bank in your own area might have area-related knowledge that can help you secure financing, for example.

It would be wise to pay more attention to the service quality than price when choosing a bank, because good advice may show its worth in financial terms. The most important thing is to choose a bank that you can trust and that makes you feel like your needs have been met. At its best, a relationship with the bank is an active exchange of information and a smooth business experience. Be an active customer by taking advantage of the bank's services and expertise.

# Insurance brings assurance

*YEL insurance for self-employed persons is mandatory for entrepreneurs. YEL insurance accrues your pension and affects your social security. You should also consider other types of insurance to cover different risks associated with your business activities.*

**Personal insurances do not cover damages related to business operations.**

You need new, separate insurances for your business operations. Your personal insurances are not likely to cover your business operations. The extent and line of your business determine the type of insurance you should take. Whether your business is tied to one location and what kind of property your business owns also affects your insurance needs. If you employ other people than yourself, you need to have an employer's statutory insurance.

## **Liability insurance**

As an entrepreneur, you might cause damage to your customer or their property. According to the Tort Liability Act, you are liable for the damages you have caused. The liability insurance will help you in situations where your actions as a business have caused damage to a person or an object. You should also find out whether your operations are such that a more extended insurance could be useful. Make sure that the insurance comes into effect immediately once you start your business operations.

## **Legal expenses insurance**

During your business operations, you may encounter conflicts regarding agreements, deliveries or employment that result in court proceedings. With legal expense insurance, you can reduce the amount of legal costs. The nature of your business affects what the insurance should cover. Sometimes it would be

wise to take an insurance that covers the other party's costs as well. Take out a legal expenses insurance before making the first agreement so that all of your agreements are covered from the start of your operations.

## **Business interruption insurance**

If your business is related to manufacturing or tied to a specific location, consider taking a business interruption insurance. It will prove useful when revenue is lost due to an interruption in operations. A fire, water damage, vandalism or the breakdown of a machine, for example, could cause such interruption.

## **Property insurance**

Make sure to also protect your business property, such as telephones, computers and products. With regard to leased property, make sure to check what kind of insurance the owner wants you to take or has already taken. Remember to also pay attention to the size of the deductible in the property insurance.

## **Accident and medical expenses insurance**

The entrepreneur is often the company's biggest liability. If you have an accident or get ill, your business operations might come to a halt. As an entrepreneur, you do not have separate work and free time so your insurance should cover all the hours of the day.

Consider taking a medical expenses insurance in addition to the accident insurance. It could ease your access to healthcare and make your return to work swifter. We recommend that you include a daily allowance in both insurance types to complement the allowance offered to you for your incapacity period by the Social Insurance Institution of



- » Finland. You can also choose to arrange occupational health cover for yourself and include general medical care in your occupational health care.

### Life insurance

As an entrepreneur, you may have to make large financial commitments. With a life insurance, you can provide some security for your next of kin. You can include an additional insurance in case of work incapacity. This solution would ease your own daily life and that of your close family significantly.

### Employee insurance

If your enterprise provides employment, the employees must be insured with an accident insurance and with the employees' pension insurance (TyEL).

These insurances are statutory for employers.

If the employees are working remotely, this should be taken into consideration when arranging their insurance.

### Data security insurance

If you keep an online store or your business has a customer register that could fall into the wrong hands, a data security insurance might be worth your while. A denial-of-service attack could halt your online store's operations for example, and you are nowadays obligated by the EU's General Data Protection Regulation to keep even better care of your customer information than before. If information should fall into the wrong hands, it could do irreparable damage to your company's reputation.

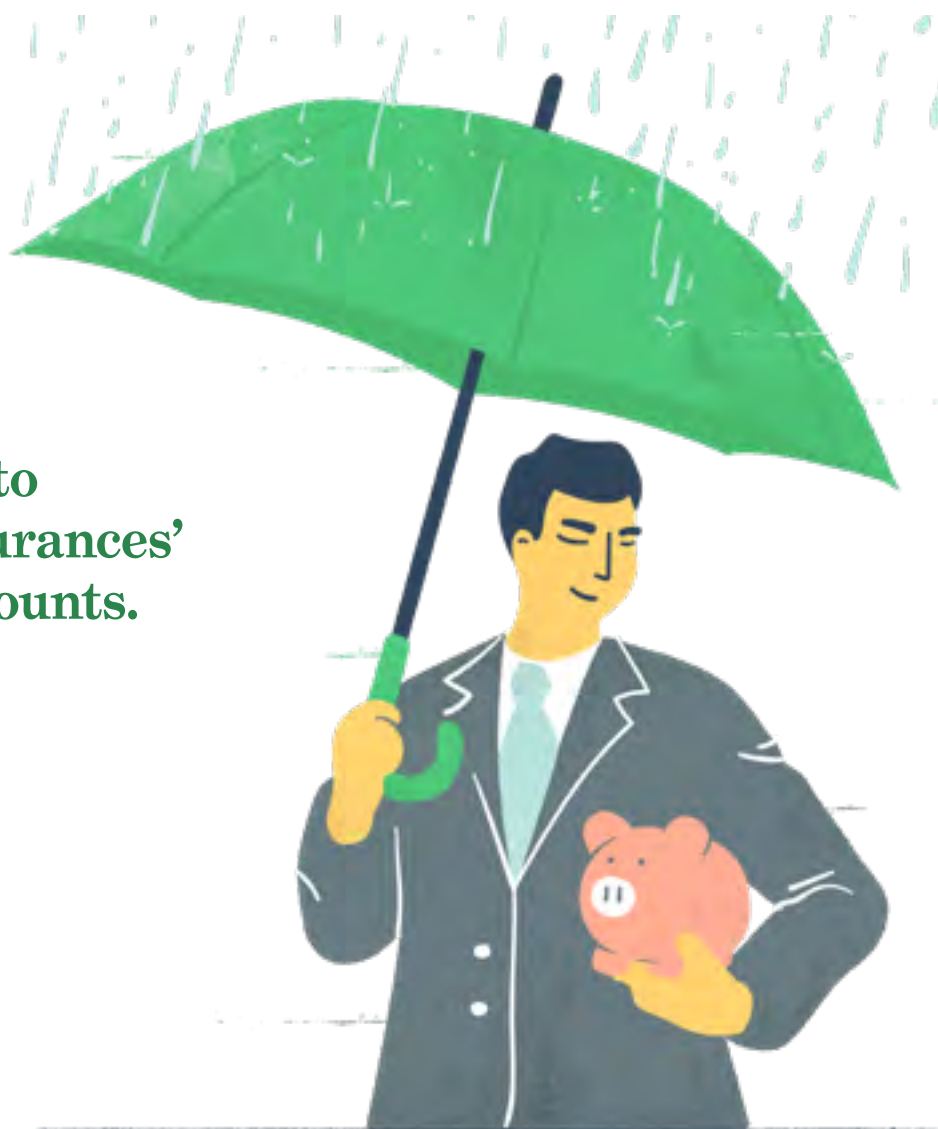
### Vehicle insurance

Motor vehicles must be insured with a statutory motor liability insurance which can be complemented with vehicle-specific voluntary motor vehicle insurances.

### Travel insurance

If your operations are international, you and your possible employees might travel overseas to conventions and customer meetings. It would be wise to cover your travelling personnel with the company's own travel insurance. Personal travel insurances taken together with a home insurance are meant for personal holidays and they do not cover travel related to business activities.

**Pay attention to the size of insurances' deductible amounts.**



# Consider safety in products and services

*As an entrepreneur, you are always responsible for the safety of the product or service that you offer or sell. Products and services must not cause any danger to anyone's health or property. Products and services must meet their safety requirements.*

Safe products and services that meet the relevant standards are a competitive advantage for your company. Discover the requirements of different products and services for consumers on the website of the Finnish Safety and Chemicals Agency (Tukes): [WWW.TUKES.FI/EN](http://WWW.TUKES.FI/EN) > Products and services. You can also improve your knowledge of the safety requirements of products and services in the "I Know My Products" service ([WWW.TUNNENTUOTTEENI.FI](http://WWW.TUNNENTUOTTEENI.FI)), which is particularly useful for small start-ups. For more information on products monitored by Tukes and other authorities, see [WWW.TUKES.FI/EN/DO-THIS](http://WWW.TUKES.FI/EN/DO-THIS) > Surveillance > Who monitors what?

## Provider liability

When you are planning a business that offers leisure-time activities for the customers, such as beauty or well-being related services, or exercise, event and nature services, consider the following:

- Plan and determine the nature of your service and who it is offered to.
- Ensure that you and/or your staff have sufficient know-how about the service. Acquire further training and experience if needed.
- Make sure you understand the safety requirements, legislation and possible official guidelines and standards related to the service. Ask for more information from the authorities when necessary, as it is their duty to guide and advise businesses.
- Plan the customer experience so that it is safe from beginning to the end.

Consider safety when acquiring equipment and machinery, the service itself, the number of staff as well as their expertise, and the marketing and guidelines or directions given to the customers.

- Identify any possible dangers with care and document them! Deconstruct the service in your mind and identify any possible dangers for the customer: what causes the danger, what has been done to prevent them, and what more should be done to ensure the safety of the customers?
- Make the necessary safety documents. Certain services require the safety document to fulfill regulatory requirements.

Safety is about constant supervision and maintenance. Monitor any changes, learn from incidents, and report all serious accidents to Tukes.

## Product safety

When you plan on starting a business that manufactures or imports products in Finland, find out

- whether there are any safety requirements for the products in question
- how you as the entrepreneur must ensure the safety of those products.

Safety requirements vary from one product category to another. Toys, machines and electronics, and personal protective equipment for example have their own detailed requirements. However, the requirements for many consumer products are rather generic.

In order to find out the specifics,

## Safety is about constant supervision and maintenance.

you must identify whether you are a manufacturer, importer or retailer of the said products. A manufacturer has more responsibilities than a retailer as regards product safety.

Familiarise yourself with the requirements that a product manufacturer or importer must take into consideration. Remember that the requirements depend on the product type. Check the detailed requirements from the product-related regulations. If you suspect that a product might not follow the requirements, take the necessary actions and collaborate with the authorities.

### If you plan to manufacture products:

- Check the product's safety requirements.
- Evaluate the risks the product could cause for its user.
- Design and produce the product so that it fulfills the safety requirements.
- Keep the product's design documents for 10 years.
- Create user instructions and include them in the packaging. The user instructions must include instructions on the safe setup, use, »

## The Finnish Safety and Chemicals Agency (Tukes) experts can help you in any safety-related matters.



- » maintenance and decommissioning of the product. The user instructions must be in Finnish and in Swedish in Finland. If you plan to export your products to somewhere in Europe, check the language requirements of the country in question.
- Make sure to also check whether the product must be tested in a testing facility before it can be sold.
- Ensure that the product has some kind of identification label and that the product will fulfill the requirements even after transport or storage.
- Include your company's name and postal address in every product packaging.
- Check whether a CE marking must be attached to the product. The marking shows that you have taken care of the product's safety and that it meets its requirements.
- Check whether the product requires a declaration of conformity where you declare that the product meets its safety requirements.
- Keep track of any occasions when a product has not met the requirements and inform your distributor of them

if needed (product name, serial number, production batch).

### If you plan to import products from the EU or outside its market area:

- Make sure that the product fulfills its safety requirements.
- Make sure that either you have or will receive from the manufacturer the product's technical documents should the authorities ask for them.
- Ensure that the manufacturer has tested the product and performed all the other appropriate conformity procedures if legislation so requires.
- Check that the product has a CE marking if legislation so requires.
- Ensure that the product has some kind of identification label (product name, serial number, production batch) and that the product will fulfill the requirements even after transport or storage.
- Keep track of any occasions when a product has not met the requirements and inform your distributor of them if needed.

- Make sure that the manufacturer/importer has attached their name or trademark and address to the products.
- Document where you have acquired the products and where you have delivered them for further distribution. Keep the information for 10 years after the product has been removed from your product selection, if legislation so requires.

### If you import products from outside the EU, please also note the following:

- Ensure that the manufacturer has tested the product and performed all the other appropriate conformity procedures if legislation so requires.
- If a CE marking is required, keep the EU declaration of conformity available for authorities for 10 years after you have sold the last piece of the said product. With some products, the declaration of conformity must be delivered to the customer.

More information: [WWW.TUKES.FI/EN/DO-THIS](http://WWW.TUKES.FI/EN/DO-THIS) > Setting up a business.

# Contracts in order

*You should make all business contracts in writing and review their contents carefully. The contract needs to be comprehensive enough not to leave anything open to interpretation or commercial practice.*

Freedom of contract allows companies to agree on the terms as they wish, but within the limits of employment law, consumer protection and environmental protection. The law does not require a written agreement, but it is always recommended.

Always read the contract carefully before signing it. Use legal experts if necessary. In conflicts, the contract text has priority.

Find out about your contracting partner's background. You can check credit reports through the companies that sell them. You can check the registration status in the

Prepayment Register by using the YTJ company search ([www.ytj.fi/en](http://www.ytj.fi/en)).

If the counterparty is a legal person, check the competence of the company's representatives. You can usually find the information in the Trade Register, which you can find in digital format on the Finnish Patent and Registration Office's website ([www.virre.fi](http://www.virre.fi) > In English).

## Be prepared for conflicts

Record the pattern of actions in conflict situations that cannot be resolved by negotiation. The

dispute can be handled in a district court or via arbitration. Arbitration is usually faster.

If there is more than one entrepreneur, it is important and prudent to agree on the rights, responsibilities and obligations of each by means of a written shareholder agreement. Always agree on a shareholder agreement with any partner, even with those you know. In the shareholder agreement, prepare for the prospect of the death of one of the partners. If necessary, use an expert to draw up the agreement.

HOLVI

## Home for your business finances

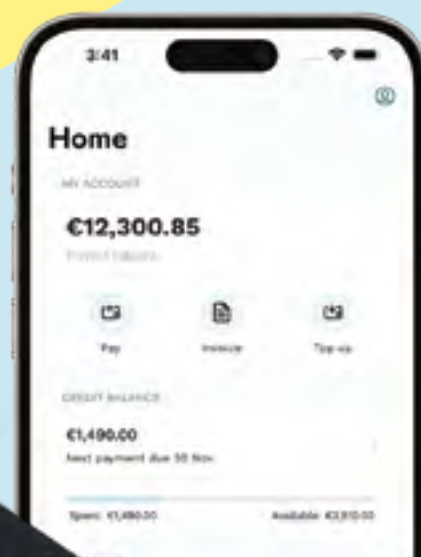
All-in-one solution for your business finances:

- ✓ Business account
- ✓ Debit and virtual cards
- ✓ Invoicing and e-invoicing
- ✓ English banking app

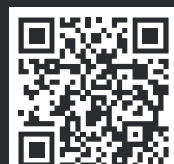
**Open an account online:** [holvi.com/suk](http://holvi.com/suk)

Open a Holvi account using the link above and get 50% off Holvi Pro for two months.

Holvi Pro  
**€7,50**  
/month + VAT  
For two months



Use your phone to scan the code!





# Lease and leasing contracts

You can lease business premises with a fixed period or until further notice contract. Always make the agreement in writing, even though this is only required for fixed period contracts.

You cannot terminate a fixed period lease agreement by giving notice during the lease period. The statutory notice period must be three months when the lessor gives notice and one month when the tenant gives notice on the lease agreement – unless otherwise agreed in the lease contract.

The security deposit for a lease usually corresponds to three months' rent. The use of a rental guarantee is also possible. Rent increases are often tied to the index of real estate maintenance costs or the cost-of-living index ([WWW.STAT.FI/INDEX\\_EN](http://WWW.STAT.FI/INDEX_EN)).

Make sure to check from the Building Control Service that you can use the premises in the way you intend, or add a condition to the lease agreement about how the premises must be approved before the agreement enters into force. When conducting the initial inspection of the premises, any deficiencies, defects, targets for immediate repair and the repair schedule must be recorded. If you would like to make repair and alteration work, ask for permission for them from

the property owner and agree on the distribution of costs. Keep your copy of the inspection record during the lease period until the final inspection.

## Financing movable assets

With a leasing contract, you acquire movable assets so that the financing company buys the equipment or machines and leases them on to your enterprise. The leasing period can be optimised according to the estimated economic life. Your seller may choose to transfer the installment agreement to the financing company.

The down payment on the installment transaction is about 30 per cent of the value-added tax purchase price. You can also use trade-in equipment as the down payment. You can deduct your acquisition expense, interest and amortisation on your accounting. The whole VAT should be deducted after delivery.

You usually only receive ownership once the entire purchase price is paid. Contract failure entitles the financier to reclaim the item.

## Compare different payment terminals

If you do business with consumers, you need a payment terminal. By exploring your options, you will find a solution that suits your operations. For example, the mobility of the terminal and your internet connection may affect your choice. The payment terminal can be purchased or acquired under a lease agreement, which includes maintenance and repair.

The most affordable solution for small business is the payment terminal that is connected to a phone. It does not require a fixed Internet connection, and its use is not tied to any particular location.

### TE Customer Service Centre at your service

*Professional support and counselling for entrepreneurs via telephone service and online free of charge in Finnish, English and Swedish*

#### Enterprise Finland Telephone Service

- In English Mon.–Fri. 9–16.15 **0295 020 502**  
(local network/mobile call charge)
- [suomi.fi/yrittys-suomi-puhelinpalvelu](http://suomi.fi/yrittys-suomi-puhelinpalvelu)

#### Yrittäjän talousapu Counselling Service

- In English Mon.–Fri. 9–16.15 **0295 024 882**  
(local network/mobile call charge)
- [yrittajantalousapu.fi](http://yrittajantalousapu.fi)



Centre for Economic Development,  
Transport and the Environment



YRITTÄJÄN  
talousapu

# Entrepreneurship and growth in the forest industry

*Strong expertise and a well-functioning concept have made Nälkäviulu a success story, creating employment for a significant number of subcontractors in addition to its own employees through a network of cooperation.*

text **JENNY THUNEBERG** photo **HANNA KORHONEN**

**Continuous development brings meaning to our work.**

**B**ecoming an entrepreneur was an easy decision for **Anssi Nykänen** when he noticed that UPM Metsä was looking for franchisees to carry out and sell forest management work. And when he managed to lure his former colleague and neighbour **Antti Ojala** to join him, Nälkäviulu Oy was born.

“I spent some time thinking that if I was ever going to make a change in my working life, now was the time to do it. The final decision was made when we were able to negotiate a slightly bigger contract, and it was clear that two men could make a living from this,” says Antti.

There is a touch of humour in Antti’s vision, as the company’s name, which refers to a bucksaw, dates back to the scarcity era, when loggers barely made a living working on smelters, using an old-fashioned bucksaw. The name of the company was a bit of a fluke, as other name ideas were not accepted in the trade register. However, the name has since been praised for its memorability.

## **Moving forward efficiently**

According to Antti, franchising made it easy to start a business. Many things had already been thought through, such as contracts and many operating models.

“Of course, the package was not quite finished, there was still some development work to be done, and there

still is. It also brings meaning to our work. We could get help if we needed it, but we haven’t needed it much, because we’re very familiar with the industry. We have a total of 30 years of experience in the field, and we also had some experience in entrepreneurship,” says Anssi.

One of the things the entrepreneurs did at the Enterprise Agency before setting up a company was to get confirmation of their calculations. They also received tips on how to apply for a start-up grant.

Business advisor **Sanna Hietalahti-Husu** says that everything was really ready for Anssi and Antti.

“Anssi and Antti were very well prepared, and they complemented each other perfectly as individuals. They had knowledge of the industry and an understanding of business economics. They also had good networks and some entrepreneurial background. The process was therefore straightforward and efficient in this case.”

## **Profitable growth**

Nälkäviulu has grown rapidly and profitably. The services include a wide range of forest management-related work, which is contracted to UPM Metsä in the North Savo and North Karelia regions. The company’s operating model is based on a network approach, whereby the company creates employment for a significant number of subcontractors in addition to its own employees.

“The entrepreneurs also take care of the growth and production of Finland’s largest natural resource and carbon sink, the forest, with a high-quality and professional approach. Environmental values are strongly embedded in the company’s day-to-day activities. This creates significant impacts,” Sanna says.

The name of Antti Ojala's (left) and Anssi Nykänen's company, Nälkäviulu, comes from an old tool. Business advisor Sanna Hietalahti-Husu immediately saw the potential of the company.



### Before you start a business:

- Think of name options that will make you stand out from the crowd.
- Protect your products, services, and inventions.
- Read the contracts carefully: there must be no room for interpretation.
- Remember insurance.

# Marketing means helping the customer

*Many new entrepreneurs find it hard to start selling and marketing their products or services. It can be tempting to just sit back and wait for customers to contact you. However, successful marketing and sales are the cornerstones of your company's success.*

Right from the start, you should set aside the idea of unpleasant touting and ask the question instead: "How can I help?" Your goal is to solve a problem for your customers or meet their needs with a solution that is either new or better than those of your competitors – something your customers will be happy to pay for. This kind of sales and marketing approach is a joy to implement.

The starting points for your marketing should always be your customer and the product or service you are selling. Who you sell to also

defines how and where to market. There is no one-size-fits-all approach to marketing for all entrepreneurs to adopt. Nevertheless, there are certain common elements that can help you succeed.

## **Let your marketing guide your company**

When thinking about marketing, it is easy to focus on campaigns, social media posts or the visual look of the company. However, there is no point in diving straight into these practical tasks, because these tactics are often ineffective

on their own. An effective sales and marketing approach is based on precise targeting, i.e. strategic choices. You can use the template on the next page to design your plan.

Your choices help to guide your operations in the desired direction: towards work and focus groups that you find particularly inspiring and that you believe will make your business profitable. So, imagine your ideal working day: what kind of customers would you serve, what type of work would you do and who would you be working with? You can use the questions in the template to support your thought process. When you have written down your thoughts, you can hone them by talking to a few potential customers.

If you decide not to make these choices or target your marketing, the direction of your business will be determined by your customers. For example, imagine an entrepreneur in the construction business: a builder who has strong expertise and a burning interest in traditional building methods but never highlights this in their marketing. The builder spends all their days working on home renovations, never being able to use their special expertise and do work that might even have a higher profit margin. »

**Useful advice and positive experiences get customers moving.**



## Strategic Marketing Choices template

### Why should a customer buy from you?

"What do I gain from this?"

### Brand

What kind of an image do you want to achieve?

What do you want customers to tell others about you?

### Target groups

Who is your product intended for?

### Customer needs

What kind of challenges do people in your target group face in their daily lives? What experiences is your target group looking for?

### Solutions

How can you make life easier for your target audience? How do you generate value for your target audience?

### Key messages

How do you let your target group know that you have the solution to meet their needs?

### Means and channels

How and through which channels can you reach your target audience?

### Meters

How do you measure your marketing success?

### » Listen and stand out

You need to identify the need that your potential customer has. Only then can you communicate through your marketing that you have a solution that meets this very need. In addition to your target group, you also need to know your competitors and make yourself stand out if you want to succeed in the same market. What do you have that nobody else can offer?

It takes a lot of thought and the right choices to find your unique selling point and put it to words. Having a unique selling point does not mean that every company should do things completely differently. Rather, it is the X-Factor that helps customers distinguish between similar operators.

### Brand is a promise

Another way to stand out from the crowd is through impressions and reputation, i.e. your company brand. Everything said and done by the company contributes to the brand, as does the look of the company. You should have a professional

design your company look, which consists of the logo, fonts, colours and imagery.

In the mind of the consumer, the brand is always connected to a promise of something. Your brand will grow either stronger or weaker with customer contact. You can draft messages for your brand marketing, but if your actions are not in line with your messaging or you fail to deliver on your promise, your brand is pointless.

### Buying behaviour has changed

More and more people are making purchase decisions on their own initiative, using their networks and the Internet. Recommendations and useful content can help customers find their own way to the company. Google Search results, product reviews on online stores, customer stories and the experiences of bloggers and one's personal network on social media have a huge impact on the choices made. Sales work is still important, but contact has to be made at

the right time.

Since buying behaviour has changed, old-school sales tactics and means of marketing are becoming less and less effective. Advertisements and cold calling are considered irritating, whereas useful advice and positive experiences get customers moving. So before trying to sell anything, do not hesitate to offer the customer something useful, such as advice, how-to guides, samples or a trial. Customers will reward your business in the long run.

### Maintain customer relationships

When a customer has selected you and made the decision to purchase something, you should absolutely continue to target them with marketing content. Maintaining customer relationships is much easier and more affordable than bringing in new customers. In most cases, purchases by regular customers also generate the largest sales volume, so be sure to serve them particularly well.

# Marketing rules

## 1. Clarify your objective

Ask yourself what you want to achieve with your marketing. Do you aim to make your company better known to customers, direct people to contact you or get visitors to order products from your online store?

## 2. Define the metrics of success

Before taking action, you should consider how to measure your success. For example, the number of customer inquiries or product sales could be a suitable indicator.

## 3. Get to know your customers

Remember that your customer is not you. Do not market the business for yourself or based on assumptions. Instead, you should get to know your target group and customers. You can discover new opportunities by trying different tactics and asking your customers.

## 4. Serve the recipient

Overly aggressive marketing can be irritating. From an image standpoint, it makes a huge difference whether your messages come across as self-seeking or attentive to the recipient's needs.

## 5. Choose the right channels

There are numerous tools and channels that can be used for marketing, from trade fairs to street advertisements, newspapers to television and Facebook to Youtubers. Find out where you can best reach your target audience.

## 6. Invest in content quality

An effective message captivates, while an ineffective one is lost in the flood of communications. Digital channels employ algorithms to make posts with a lot of reactions visible to more users. So, you should invest in quality over quantity.

## 7. Take care of websites and search engine visibility

The website is the digital shopfront of the company. Its imagery and text content must convey a convincing and interesting idea of your company's unique selling point. Useful, up-to-date content is appreciated by search engines as well as your customers.

When writing texts and blog posts for your site, include words that customers would use to search for products and services in your field. This is actually how simple search engine optimisation is. You can then use the same list of words in your Google Ads. Create a profile for your business on Google My Business to improve visibility in Google search results.

## 8. Choose your social media

Social media requires continuous presence and can take up a lot of your time. Don't try to do everything, focus on the channels in which you can find your target group. In addition to marketing, social media can also function as a customer service channel.

Visibility on social media is divided into organic and paid visibility. You can get organic, free visibility when your content attracts attention and receives reactions, such as shares, likes and/or comments.

## 9. Keep customers happy

Your customers are the best marketers when they recommend your product. When disappointed, they can also leave a poor assessment. Value a good image – in the digital world, positive and negative feedback are often permanently on view.

## 10. Learn and follow your time

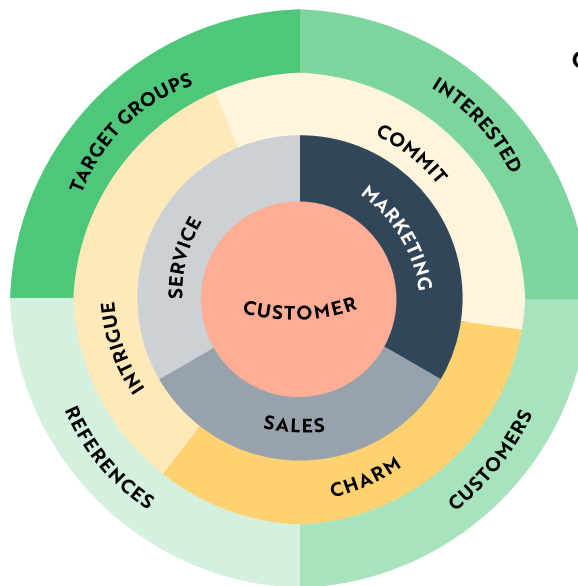
With regard to search engine optimisation, keyword advertising, social media marketing, email marketing and GDPR issues, use the trainings for entrepreneurs, for example. The digital world is constantly changing, so update your competencies regularly.

+ Remember that you do not need to do everything yourself. It is important that you know what marketing is all about, who are in your target group and what your goals are. You can always buy implementation from an industry professional as well.

# Customer experiences are key

*Positive customer experiences and the desire to recommend the company are based on the company meeting or exceeding the customer's expectations.*

The better the feedback a company receives from its customers, the greater the group of potential customers, and this growing interest translates into more sales. The higher sales volume allows the company to develop its operations and serve its customers even better, which leads to more recommendations and drives a further increase in sales. Positive customer experiences keep the wheels of marketing, sales and service production running and speed up the growth of the company.



**Good customer experiences help companies to grow: customer commitment is driven by a combination of marketing, sales and customer service.**

## Intrigue

- How can you reach the people who could benefit from your product or service? Without any marketing actions, few people will find your company or its website. Attract traffic to your website and store by offering interesting articles complete with search engine optimisation, by posting on social media and by using Google Ads.
- Contact customers who are interested and ask more about their needs – it's never too early to start sales work.
- Show customers how easy it is to use your service, for example by means of a free trial, video demonstrations or consultative selling.

## Commit

- One way to get interested customers to commit is to offer assistance, such as guides that can be downloaded

from your website, useful emails, or a chatbot.

- Help customers via their preferred channels and nudge them towards the decision to buy from you.
- Use communications to set clear expectations about how your service works and what benefits it brings. Then, aspire to exceed these expectations.

## Charm

- Reach out to your customers to offer additional assistance, useful advice and interesting content via newsletters sent by email and other

personal means of contact. To send letters, you need the customer's consent in accordance with GDPR requirements.

- Make the buying experience easy and pleasant. Surprise customers with a refined service experience, additional materials or other types of giveaways.
- The key to making customers happy is creating realistic expectations for the service from the start. In other words, you should not make impossible promises in your marketing and then fail to deliver.

## Remember privacy

The EU's General Data Protection Regulation (GDPR) applies to companies collecting, storing or using personal data. The goal of the regulation is to enhance an individual's right to make decisions on the processing of their own information. The same rules apply to all companies operating within the EU, regardless of their place of registered office.

Personal data refers to information that can be used to identify an individual, such as names, email addresses, phone numbers and IP addresses. In practice, this means that nearly all companies process personal data, and protecting personal data is part of

your duties as an entrepreneur.

Start by identifying the personal data files related to your business and collected in connection with your operations. Find out your roles and responsibilities. Write a privacy policy and ensure data security. Remember to update your policies when necessary. Following GDPR may feel like a difficult chore, but be sure not to ignore it. There is help available, so do not hesitate to ask.

Learn more: [WWW.EUROPA.EU/YOUREUROPE/#EN](http://WWW.EUROPA.EU/YOUREUROPE/#EN)  
 > Doing business > Dealing with customers > Data protection > Data protection under GDPR.

# Top 10 most popular applications by age group

Source: DNA, Digitaalinen elämä 2023, survey

16-24 yrs.	
Social media applications	71%
Music applications	66%
Streaming applications	64%
Contact applications	60%
Mobile payment applications	59%
Navigation and route planning applications	59%
Bank payment applications	58%
Online shopping applications for clothes, shoes and fashion accessories	56%
Mobile games	51%
Food delivery applications	45%

25-34 yrs.	
Social media applications	82%
Navigation and route planning applications	80%
Contact applications	80%
Bank payment applications	79%
Music applications	76%
Mobile payment applications	73%
Streaming applications	62%
Food delivery applications	56%
Online shopping applications for clothes, shoes and fashion accessories	55%
Mobile games	51%

35-44 yrs.	
Contact applications	81%
Bank payment applications	77%
Navigation and route planning applications	76%
Social media applications	75%
Mobile payment applications	65%
Streaming applications	58%
Music applications	53%
Authenticator applications	48%
Online shopping applications for clothes, shoes and fashion accessories	45%
Food delivery applications	42%

45-54 yrs.	
Bank payment applications	84%
Navigation and route planning applications	82%
Contact applications	77%
Social media applications	75%
Mobile payment applications	60%
Music applications	51%
Streaming applications	49%
Authenticator applications	49%
Mobility and health applications	43%
Online shopping applications for clothes, shoes and fashion accessories	41%

55-64 yrs.	
Bank payment applications	83%
Contact applications	79%
Navigation and route planning applications	77%
Social media applications	68%
Authenticator applications	52%
Mobile payment applications	52%
Security applications	45%
Music applications	43%
Streaming applications	39%
Mobility and health applications	38%

65-74 yrs.	
Bank payment applications	80%
Navigation and route planning applications	77%
Contact applications	69%
Social media applications	66%
Authenticator applications	50%
Security applications	42%
Mobile payment applications	40%
Mobility and health applications	37%
Grocery delivery applications	29%
Travel applications	29%



# Nine tips for B2B sales

*If your business sells to businesses, there is still a place for phone contacts. Here are nine practical tips for B2B, or corporate sales.*

1. Set the goal of the first call, called cold calling, to map the situation and the needs of the potential customer. At this stage, it is not the time to try to sell the service when you don't know the person and there is no confidence built.
2. A couple of days before the phone call, send a customised message to the customer to prepare for the discussion.
3. When you have agreed on an appointment, prepare for it with care. Ask how much time the customer has for a meeting, and draft a meeting agenda – customers usually appreciate it.
4. During the meeting, ask about the client's challenges and listen to the answers. Prepare for the most common objections.
5. Tell a client story about the results achieved, show an example.
6. Minimise customer risks: provide an opportunity for a trial, a warranty, etc.
7. Help close the deal and ask, “How does this sound to you now?”, “I suggest that you try...” or “Shall we start like this...”
8. The best target audience for sales is usually your current customers. Ask how they are doing and report your news regularly.
9. Marketing also produces a list of potential customers. These include subscribers to a newsletter or guide, or people who have started a conversation with you on social media. You should complement this list with companies that you see as potential and interesting.



# Volume from the online store

*An online store can bring additional sales alongside the physical shop. You can also become an entrepreneur with just an online business. In the online store, the importance of your company's location decreases and you can obtain customers from anywhere in Finland or the world.*

**First, define what you sell and to whom.**



Don't set up an online store just because one "needs to have one". Think about how the online store supports your company's operations, and make a careful business plan.

A good online store stems from the product and customers. First, define what you sell and to whom. Study online commerce as an operating environment and be sure to learn about online shopping regulations. After that, you can start thinking about these items:

## **1. Software**

Compare different e-commerce platforms and software, and the expansion opportunities they offer, so that the selected solution is not too small right from the start. Also check out the various options to deal with payment and logistics traffic.

## **2. Budgeting**

The largest costs for a starting trader consist of store construction, marketing and personnel costs. Also storage binds capital.

## **3. Appearance**

Responsiveness, that is, adapting to different terminals, is very important, since more and more consumers use a smartphone. A clear structure and visual hierarchy make it smooth and pleasant to do business on an online store.

## **4. Content production**

Large enough product images and descriptive product information will help with making a purchase decision. Clear order and delivery terms and the ability to contact the trader build confidence.

## **5. Promotion of sales**

When browsing products, you can highlight the most popular products and/or products in product groups that other customers have already purchased, and thus you can generate additional sales. The internal search function on the online store is an important element in facilitating purchases.

## **6. Marketing**

Engage customers from the beginning and they will form an interested group of regulars. When increasing visitor numbers, search engine optimisation and keyword marketing play a central role.

## **7. Development**

Automate routines and regularly track visitors on your online store using analytics tools. Factual data generated by analytics allows you to measure the effects changes have on purchasing behaviour.

# Invoicing on time and with correct details

*An invoice is a document that asks a customer for money for the product you sell. A well constructed invoice is easy to pay and takes into account the information required by the tax authorities. The invoice is a tool for you to ensure that you receive the money, but it is also part of the customer experience. Handle the invoices with class.*

## Invoice as soon as you are ready

The invoice is usually sent to the customer after delivery. If a product or service is a project spanning a longer period, it is often billed in parts during the project, and the last part is invoiced when everything is complete. The invoice must contain certain legally required items.

Typically, the invoice is given a payment term of 14 to 30 days. In B2B transactions between companies, a payment term can be agreed upon. According to the law, the payment term can only exceed 30 days if it is agreed upon separately.

Sometimes it takes several weeks from the order before the money from the sold product is in the company's account. Finished goods and services should be billed as soon as possible. The invoice information should be pre-recorded as an offer, a sales order or a draft invoice as soon as possible. A rapidly sent invoice gives the customer an image of professionalism.

## Please note the customer's wishes

Send the invoice in the form the customer wishes to receive it. You could send it as an online invoice, by email, or as a traditional paper bill. Under the Finnish E-Invoicing Act, the person ordering the item can request an electronic invoice. The invoice, sent as the customer wishes, will be paid with greater likelihood and faster. By responding to the customer's wish, you are also creating a positive customer experience.

Check the invoice carefully. Before

sending the invoice, make sure that there are no errors in the data. The customer is under no obligation to pay an invoice if the information is erroneous. Be sure to send any invoice attachments.

Do not edit the submitted invoice. You can edit the invoice until you send the invoice to your client and accounting. If there is an error in the invoice sent to the customer, the invoice must be refunded and a new invoice made.

## Payment reminders

If your customer has not paid the invoice you sent by the due date, send a payment reminder. However, notify them politely, as the most common reason for an unpaid invoice is forgetfulness. Your goal is to maintain the customership.

In many invoicing systems, you can automate the sending of a payment reminder after the due date, at a time you have specified. You can send a reminder right after the due date, but in practice it's worth waiting a few days. This way you can be sure that no payment has been made at the due date.

You can choose to collect a reminder fee of up to €5 for the payment reminder you send to a consumer. However, you will have to wait 14 days after the due date before sending a payment reminder with a reminder fee. If you do not charge a reminder fee, you can send the reminder earlier to the consumer.

If your client is a company and the invoice has not been paid by the due date, the law allows you to collect a standard payment of €40. However, it is more common to send a payment note where the reminder fee is more moderate than the standard payment. »

**It often takes weeks from an order before the money arrives in your account.**



## Archive invoices

Remember to archive invoices. As an entrepreneur, you are obliged to keep all accounting material for six years from the end of the calendar year in which the financial period ends. For example, if the financial period ended on April 30, 2023, records must be kept until December 31, 2029.

# The invoice must always include certain statutory items.

» You can also charge penalty interest if you do not receive payment by the due date. There must always be a mention of the penalty interest for late payments in the original invoice. The maximum penalty interest charged from the consumer is 7%. The interest charged from companies is usually 8%.

## Using a debt collection agency

Typically, a company sends two payment reminders to the customer. If, after the reminders, your customer does not pay the invoice, it should be transferred to a collection agency. This saves you time and energy, and often a letter from a collection agency has the desired effect. Claims collection is a licensed activity, which means that it cannot be done by anyone. However, the services and

prices offered by collection agencies vary, so it's worth getting to know the different agencies and how they operate. A good collection agency handles the collection with elegance.

The collection process continues after the payment reminders with a payment claim, i.e. a collection letter. At this point, the costs incurred by the collection to the creditor and the collection agency will be added on top of the reminder costs and penalty interest. If, even after the payment claim, your customer does not pay the invoice and does not manage to negotiate a new payment term or plan, you have two possibilities: to record the invoiced amount as a credit loss and decide to end the collection or proceed to legal collection. For a small business owner, credit loss is practically always the most likely option.



## Online invoicing is handy

Using an online invoice, or an electronic bill, is environmentally friendly and saves invoicing time and effort. In addition, sending online invoices is more affordable than printing and mailing paper bills.

Online invoicing is not difficult. All you need is invoicing software through which you can send online invoices, as well as your customer's online invoice address.

A company that pays its invoices online can accept, pay and submit the invoice electronically to accounting. This will speed up the process and

payment of the invoice, which means that you too will receive your money faster.

The company has the right to receive an invoice from another company in electronic form. The Finnish E-Invoicing Act does not apply to businesses with a turnover less than €10,000 or businesses that only sell to consumers. The law obliges the public administration to accept electronic invoices – for example, the state can only accept online bills.

## Invoice content

### 1. Seller details

Also your company's Business ID.

### 2. Customer details

### 3. Title

### 4. Date of the invoice

### 5. Invoice number

The invoices should have unique numbers at least within the financial period, but it is good to have numbering as an ever-increasing series.

### 6. Reference no

You will automatically receive a reference number from the invoicing software or from the reference number calculator on your bank's website.

### 7. Due date

### 8. Amount of late interest

If you collect penalty interest, it needs to be included in the original invoice.

### 9. Date of delivery

### 10. Term of payment

### 11. Name of your bank

### 12. Account number in IBAN format

### 13. Swift/BIC = your bank tag

### 14. Additional information

For example the person you've been dealing with.

### 15. Invoice lines:

- products you sold
- quantity
- unit
- unit price excluding tax
- credits and discounts, if they are ignored in the unit price
- VAT rate
- share of taxes (EUR)
- total price of the product

### 16. Price excluding VAT, the VAT amount and the total price including VAT on the invoice

In the case of an amended invoice, it must include a reference to the original invoice.



1. Seller Oy  
Seller Street 12  
00111 Selling, FINLAND

2. Buyer Ltd  
Betty Buyer  
Buyer Road 34  
00222 Buyer Village, FINLAND

3. INVOICE

1(1)

5. Invoice number 193  
Reference No 6. 1931  
4. Date 17.02.2024  
Due Date 7. 03.03.2024  
9. Delivery Date 14.02.2024  
Method of delivery DDP  
Term of payment 10. **14 days net**  
Our reference Sally Seller  
Your reference Betty Buyer  
Buyer order number 1234  
8. Interest for late payment 7%  
Reminder period 7 days

Delivered to the warehouse in Buyer Village in accordance with order 1234 dated 14.02.2024

15.	Description	Unit price €	Amount	VAT %	Total €
1.	Item 1	60.55	2 pcs	24	121.10
2.	Item 2	12.18	5 pcs	24	60.90
3.	Item 3	20.15	3 pcs	24	60.45
4.	Item 4	18.65	4 pcs	24	74.60
5.	Item 5	12.85	2 pcs	24	25.70

16. Total excluding VAT € **342.75**  
Total VAT € **82.26**  
Total payable € **425.01**

1. Tel. +358 40 123 4567      sally@seller.fi www.seller.fi      Business ID: 1234567-8      VAT number: FI12345678

The recipient's account number	IBAN	11. My bank      12. FI21 1234 5600 0007 85	BIC	13. NDEAFIHH
	Recipient	14. Seller Oy Seller Street 12 00111 Selling, FINLAND		
A WIRE TRANSFER. Payer's name and address	Buyer Ltd Betty Buyer Buyer Road 34 00222 Buyer Village, FINLAND			
	Signature			
From Account No	Reference No	1931	Due Date	03.03.2024      Euro      425.01



The payment is forwarded to the beneficiary under the terms of the payment instructions, and only in accordance with the account number indicated by the payer.

# Cash is king

*As an entrepreneur, you should spend time planning and monitoring cash flow. This will ensure that there is always money in the company's accounts for salaries and bills.*

You must have heard that companies monitor finances on a semi-annual basis or quartile basis. This means comparing realised sales as well as purchases and other expenses with the budgeted items. In practice, you go through the income statement and look at whether you are making a profit or loss. However, there is one downside to simply following an income statement: it is like looking in a rearview mirror. As you plan and track your company's finances, you should also look out of the windscreen too, that is, the up-to-date funds and future cash flows.

## What does cash flow mean?

Cash flow, as its name indicates, is the currency flowing through your company's register, that is, money entering and leaving your company's accounts or cash register. Cash flow tells you the liquidity of your business, which means the amount of money you have right now to pay bills, loan repayments and salaries.

Good liquidity is the basis of a sustainable business, and therefore it is important for you to monitor the cash flow of the company in a front-weighted manner from the very start. It is recommended that when starting a business, you consider the need for money, how to start accumulating funds, and what kind of fees you have to pay as an entrepreneur. Even a successful company can run into bankruptcy if the cash flow remains negative for a

long time, which means there are more expenses than income.

The company funds are affected by all of the business. In the context of cash flow, sales, payment schedules, expenses, investments, potential loans and their repayments all have their effects.

## In real-time and in the future

Cash flow can be monitored at three different levels. The up-to-date cash flow tells you the current situation: how much

money you have in the account and in cash to spend on company expenses.

The cash flow statement also offers an outlook for monetary traffic in the coming weeks and months. It will take into account upcoming bills, as well as purchases and sales for which revenues and expenditures are not expected until later. The cash flow statement is the third basic statement of the company's financial management, along with the income statement and balance sheet. »

**The cash flow calculation will reveal monetary traffic in the coming weeks.**



» A cash flow forecast estimates cash flow further into the future. It takes into account the regular expenditure of the company, as well as estimates of the upcoming costs and the income from future trading. You can also draw up a cash flow forecast by also including any offers made. But it is worth remembering that the forecast is then more uncertain in the longer run.

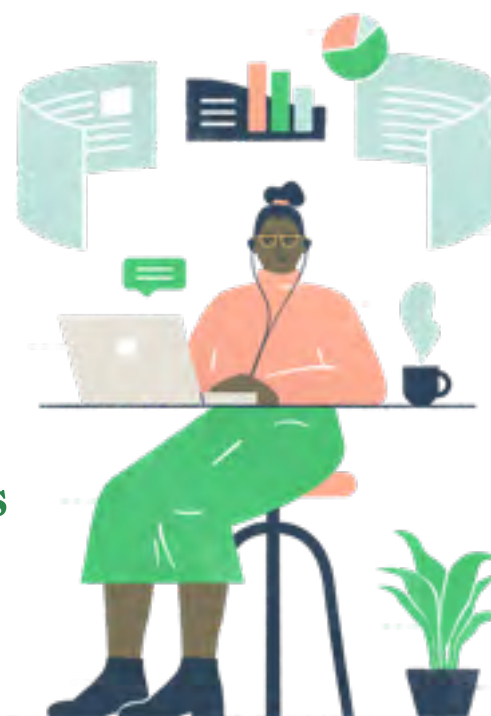
### Cash flow keeps you alert

Learn how to run your business through cash flow, because then you will always be up-to-date on how much money the company has available. When you take cash flow into account in all business decisions, you will see if the decision is good or the time right.

As long as the cash flow is positive, your business can survive even in turbulent times. If, on the other hand, the cash flow forecast shows a downswing after three months, you'll

have time to react before the crisis. With sufficient time, you will have time to negotiate payment terms for invoices or to obtain temporary financing.

**As long as the cash flow is positive, your business can survive.**



## Make sure you have sufficient funds

*The goal of the cash flow statement is simple: to make sure there is a sufficient amount of money. However, keep in mind that money does not increase by counting.*

Sufficient funds are the lifeline of a business. In addition to calculations, you actually need to take measures that have effects on your funds. The cash flow statement differs from other important economic tools, such as the income statement and balance sheet, in that there is no official calculation formula for it. It is worth starting by dividing the transfers of money into three areas: the cash flow of the business, the cash flow of the investments and the cash flow of financing, and divide them into smaller parts. Collect data in a spreadsheet program. You can find the template at [WWW.UUSYRITYSKESKUS.FI/EN](http://WWW.UUSYRITYSKESKUS.FI/EN) > Planning a business > Profitability calculations.

### Start with sales

Start drafting a cash flow statement on the largest item that will have an

impact on the funds. This is usually sales. In the cash flow statement, you need to note the delay in the transfers of money. When you sell today with a 30 day payment period, the money will arrive in your account in a month from today.

After sales, you list expenses, i.e. purchases, salaries, leases and other expenses. Then collect the cash flows from your investments, loan repayments and interest payments, and any loan withdrawals. Then you add together all the payments coming in and leaving the accounts.

### What is a good result?

The result of the cash flow statement is balanced when the result is not negative. A positive result means there is enough money and you can cover known payments. In addition, there should be some flexibility. You will sleep better

at night when you have at least adequate funds for a few months in your account.

If you have sufficient amounts of money, cash flow planning is easier. You can schedule investments or invest the extra money in more productive targets.

The result of the cash flow statement is poor when the results drops to zero or negative. If the result is negative, measures should be taken quickly. Consider whether you can speed up the money coming from customers, or negotiate longer payment terms for purchases, taxes and loan repayments.

A cash flow statement is a tool that helps you see the situation of the funds as a whole. View it monthly with other accounting reviews. If your company's financial situation is tight, you may have to update your calculations every day.

# Cash flow statement

Financial period begins	Before start up	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
1.1.2024	Estimation	01	02	03	04	05	06	07	08	09	10	11	12	
Cash and equivalents at the beginning of the period (so called opening balance)	10,000	7,900	4,500	3,315	2,411	1,507	1,307	1,207	1,407	1,707	2,207	2,807	3,907	
<b>Cash receipt</b>														
Cash sale (0% VAT)														0
Payments on trade receivables (0% VAT)		2,000	4,215	4,496	4,496	5,200	5,300	5,600	5,700	5,900	6,000	6,500	8,000	63,407
Other income (0% VAT)														0
<b>Total</b>	<b>0</b>	<b>2,000</b>	<b>4,215</b>	<b>4,496</b>	<b>4,496</b>	<b>5,200</b>	<b>5,300</b>	<b>5,600</b>	<b>5,700</b>	<b>5,900</b>	<b>6,000</b>	<b>6,500</b>	<b>8,000</b>	<b>63,407</b>
<b>Opening balance + income</b>	<b>10,000</b>	<b>9,900</b>	<b>8,715</b>	<b>7,811</b>	<b>6,907</b>	<b>6,707</b>	<b>6,607</b>	<b>6,807</b>	<b>7,107</b>	<b>7,607</b>	<b>8,207</b>	<b>9,307</b>	<b>11,907</b>	<b>67,314</b>
<b>Cash disbursement (0% VAT)</b>														
Taxes														0
Loan repayments														0
Loan interests and withdrawal fees														0
YEL		300	300	300	300	300	300	300	300	300	300	300	300	3,600
Other insurance		80	80	80	80	80	80	80	80	80	80	80	80	960
Employee salaries														0
Employer contributions														0
Lease		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rental deposit	1,000													1,000
Electricity and water charges		50	50	50	50	50	50	50	50	50	50	50	50	600
Telephone and internet expenses		60	60	60	60	60	60	60	60	60	60	60	60	720
Accounting fees		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Office, banking and postage expenses		10	10	10	10	10	10	10	10	10	10	10	10	120
Travel and car expenses	600	600	600	600	600	600	600	600	600	600	600	600	600	7,800
Marketing and advertising expenses	500	100	100	100	100	100	100	100	100	100	100	100	100	1,700
Cleaning, real estate and waste costs														0
Software and license fees														0
Membership fees														0
Entrepreneur's salary or private withdrawals		3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200
Repair and maintenance														0
Purchases (raw materials, warehouse)														0
Investments/ procurements														0
One-time/ start-up expenses														0
Other expenses (specify)														0
<b>Cash disbursement total</b>	<b>2,100</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>66,900</b>
<b>Liquidity (at the end of month)</b>	<b>7,900</b>	<b>4,500</b>	<b>3,315</b>	<b>2,411</b>	<b>1,507</b>	<b>1,307</b>	<b>1,207</b>	<b>1,407</b>	<b>1,707</b>	<b>2,207</b>	<b>2,807</b>	<b>3,907</b>	<b>6,507</b>	



# Accounting in order

*All companies are obliged to take care of their accounting. Even if it is worth buying services from an accounting firm, you need to study the basics. You are personally responsible for your company.*

The main function of accounting is to produce information about the company's finances. The income statement will determine the performance of the company. The balance sheet provides information about the solvency and liquidity of the company. Accounting can provide other calculations to help with business planning and decision-making.

Accounting is normally done on a monthly basis. Once the company's financial period is over, financial statements are prepared. The financial period is normally 12 months and may also be a non-calendar year. The first financial period may be shorter or longer than usual, up to 18 months. The

financial period of the private trader using single-entry accounting is always a calendar year.

## What is recorded?

Accounting is based on receipts. Receipts arise from transactions, i.e. sales and purchases, as well as purchase receipts, bank statements, travel invoices and pay slips. The accounting firm usually handles the recording of receipts in the accounting. It will be up to you to draw up sales invoices, pay purchase invoices, and track sales receivables.

You can use a financial management system for the accounting and handling of receipts. In an ideal situation, you could use the same system as the accounting firm, in which case the software produces receipts for invoices and payments you make and the accounting material in an electronic form. This way, accounting is always up to date.

While a company's accounting is worth putting in the hands of an accounting firm, it is important to understand the basics and monitor the finances of the company. As an entrepreneur, you are responsible for the legality of the receipts and the accuracy of the accounting.

## Learn to manage company operations yourself

When you're starting a business, accounting can seem like a difficult thing to do. Corporate accounting is closely regulated, and it is also monitored. It is advisable that you let an accountant or accounting firm handle the accounting and focus on raising the income.

However, studying accounting matters is worthwhile so that you know how to take advantage of the knowledge generated by accounting in the development of your business.

Additional information:  
[WWW.TALOUSHALLINTO-LIITTO.FI](http://WWW.TALOUSHALLINTO-LIITTO.FI) > Tietopankki > Yrityksille > Kirjanpidon ABC.

## Varying requirements

In the Finnish Accounting Act, accounting requirements are determined by the size and form of the company. The larger the company, the greater the requirements applied to accounting, and in particular to financial statements. If you are a private trader i.e., a trader with a fixed workplace or a self-employed person, there is a significant amount of relief in the accounting requirements.

### Consider financial statements

When you are a private person engaged in business or professional activities in the micro-enterprise category, you do not have to draw up financial statements

according to the Finnish Accounting Act. A company is deemed to be a micro-enterprise if the balance sheet totals less than €350,000, the turnover less than €700,000, and an average of up to 10 people work in the business during the financial period. One of the above limits can be exceeded.

However, you might want to consider compiling financial statements, even if it is not compulsory. However, the entrepreneur must produce a tax return equivalent to the financial statements. Many authorities or financiers may anticipate receiving financial statements from your business.

As a private trader, you can choose between single- or double-

entry accounting. Single-entry accounting is only possible if your company's balance sheet is below €100,000, the company's turnover is less than €200,000 or your company employs up to three people. One of the limits can be exceeded. Single-entry accounting is essentially the recognition of a company's revenues and expenditure. In double-entry accounting, each transaction is recorded into two accounts, resulting in an income statement and balance sheet.

In a limited company, cooperative, general partnership and limited partnership accounting must always be double-entry, and financial statements must also be prepared.

# What are financial statements?

*When the company's financial period ends, financial statements are prepared. The objective of financial statements is to provide a correct and adequate picture of the company's operations.*

Once your company's financial period is over, you should prepare financial statements within four months. For micro and small businesses, the financial statements include the income statement, balance sheet and their notes. From the income statement, you can see the formation of the company's earnings, and the balance sheet shows the financial position of the company, namely assets and liabilities. Large companies also produce an annual report detailing, among other things, the risks and uncertainties of their operations.

The objective of financial statements is to provide a correct and adequate picture of your company's operations. The notes clarify the information provided by the income statement and balance sheet. The scope and content requirements of the notes depend on the size of the company.

## Confirmation of financial statements

Financial statements should always include a date and a signature. As a

private trader, i.e. an entrepreneur, you sign the financial statements yourself. In a limited company and cooperative, the CEO and the Board of Directors approve the financial statements with their signature. In a general partnership and limited partnership, the financial statements are signed by the responsible company partners.

As a general rule, a company's financial statements must be audited by an auditor before the company's decision-making body (for example, in a limited liability company, the general meeting) can approve the financial statements. Upon approval, the shareholders of the limited company or cooperative must confirm the financial statements at the General Meeting or in a written document. There is no need for a private trader to hold a formal meeting.

## Audit

The financial statements will still be audited by an auditor if at least two of the following thresholds for a limited liability company,

cooperative, general partnership or limited partnership have been exceeded in the previous financial statements: the balance sheet total exceeds €100,000, the turnover exceeds €200,000, or the company employs more than three people. A trader with a fixed workplace and a self-employed person do not need to choose an auditor. If the articles of association, memorandum of association or rules provide for an audit or the selection of an auditor, act accordingly, even if the limits are not exceeded in the financial statements.

The auditor is chosen by the supreme decision-making body of the company, for example, the general meeting, and the selected auditor must be registered with the Trade Register. Select a chartered accountant (HT or KHT) as the auditor. The auditor enters the audit in the financial statement and provides an audit report on the audit.

## The registration of financial statements

Once the financial statements are approved, limited liability companies and cooperatives must send their the financial statements for publication in the trade register. You can register financial statements with your tax return or report the financial statements directly to the Finnish Patent and Registration Office. Financial statements must be filed within

eight months of the end of the accounting period.

Private traders, self-employed persons, general or limited partnerships are not required to report financial statements for registration. A general or limited partnership must provide financial statements for registration if the company or the responsible partner is a limited liability

company. You can find more information about exceptional situations on the Finnish Patent and Registration Office's website [WWW.PRH.FI/EN](http://WWW.PRH.FI/EN) > Financial Statements.

The majority of financial statements are forwarded to the trade register through the Tax Administration. The registration of financial statements is free of charge.

# Corporate income tax

*Companies pay income tax based on the company's performance. Income taxes are primarily paid as prepayment taxes. The corporate form affects income taxation.*

When you start a business, you need to enroll with the tax administration registers.

It is worth signing up for the prepayment register because then it is much easier to sell your service. If you don't belong to the register, your client would have to do the tax deductions for you. You cannot be listed in the prepayment register if there are failures in filing and paying of taxes. Being on the prepayment register shows that as an entrepreneur, you handle tax matters reliably.

All VAT payers must register for the VAT register. This also applies to private traders. If your company's financial period has started on or after January 1, 2021 and the turnover does not exceed €15,000 in 12 months, you do not need to register as a VAT payer. A company operating as a regular employer must always register in the employer register.

## Taxes are paid in advance

The company pays income tax based on the company's performance. Prepayment tax is a term for income tax paid in advance. If there is not sufficient prepayment tax paid during the financial period, the missing part will be paid as a residual tax.

The corporate form affects income taxation. If you are a private trader, the income you receive from the company is taxed as your personal income. However, a limited liability company and a cooperative are independent taxpayers.

When you become an entrepreneur and start a new business, you need to assess the income, expenses and potential results of the company. Based on your assessment, you will apply for the prepayment tax in the MyTax service. Based on the application, the tax authorities calculate the amount of prepaid taxes. You will receive a prepayment tax decision and payment instructions in the MyTax service. Prepaid taxes will be taken into account in the final taxation of your company.

You need to keep track of how your estimate is realised during the financial period. If it looks as if your income is lower or higher than estimated, apply for a tax amendment in the MyTax service.

## Income tax return

When your company's financial period ends, you need to prepare financial statements. In addition to the financial statements, under the tax laws, you must provide an income tax return for the Tax Administration. A limited liability company and cooperatives must issue an income tax return within four months of the end of the financial period. A general or limited partnership and a private trader will issue a tax return in the April of the following tax year. If your accounting firm handles your company's accounting for you, they can also file your tax returns.



## Take advantage of MyTax

MyTax is the Tax Administration's electronic service, where you can manage almost all your tax affairs. You can sign in with either bank credentials or a mobile ID. If you want an accounting firm to take care of tax matters for you, you need to give your accountant a mandate in the [SUOMI.FI/FRONTPAGE](https://www.suomi.fi/frontpage) authorisation service.

Another public service you might want to investigate is the Tax debt register. It can be found through the Business Information System web service ([WWW.YTJ.FI/EN](https://www.ytj.fi/en)). From there, you can check any company's tax liabilities and defaults on tax returns.

When dealing with the tax authorities, you should be careful and, if necessary, agree on payment arrangements in a timely manner. The tax authorities are the last party with whom you should leave things undone.

It is worth getting to know the guidelines of the tax administration: [WWW.VERO.FI/EN](https://www.vero.fi/en) > Businesses and corporations > Business operations > New business enterprise.

**Your accounting firm can also file your tax returns.**

# Differences in taxation

If you become a private trader, the income you receive from the company will be taxed as your personal income. Part of the company's earnings is capital income and part is earned income.

In general, capital income is calculated as 20% of the company's net assets. Net assets are calculated by deducting business-related liabilities from related assets. However, as an entrepreneur, you can either choose to have your capital income represent only 10% of the net assets or that the total

corporate income is earned income.

If the result is small and you do not have other earned income, it is often worth emphasising earned income. You pay tax on earned income according to the progressive income tax scale, and in the lower income categories, earned income is taxed at a lower rate than capital income. You pay a tax of 30% on capital income and 34% on any part exceeding €30,000.

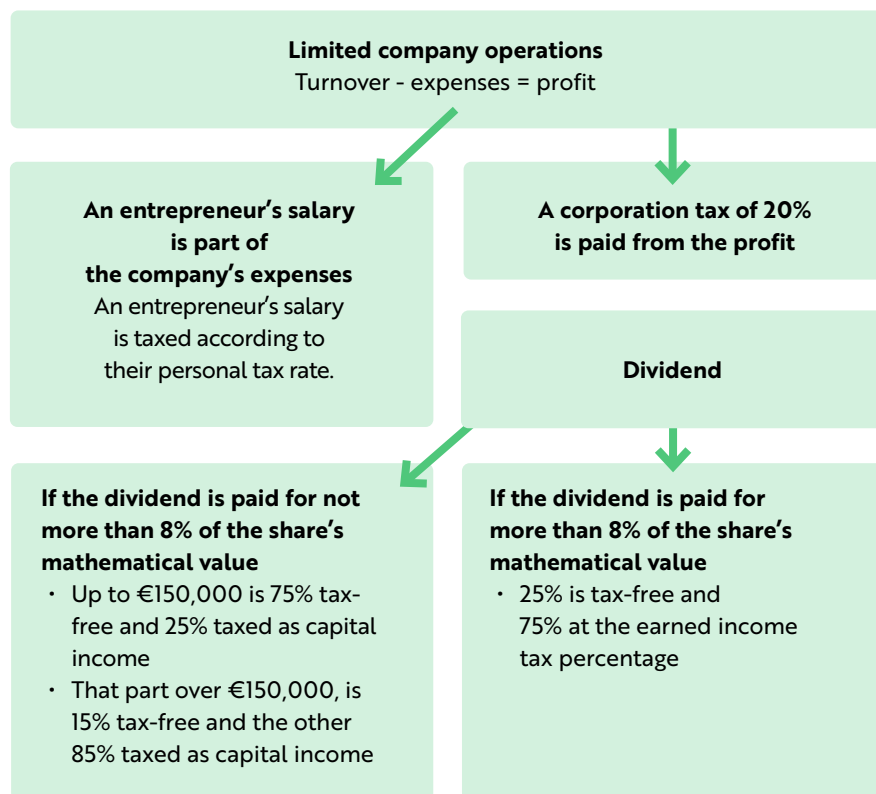
General and limited partnerships are not separate taxable entities for income

tax purposes; instead, the taxable income of the whole company is divided between you and the other partners and taxed as your personal income.

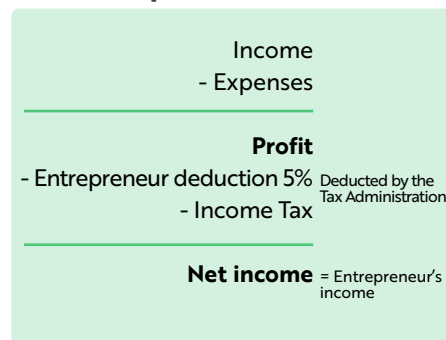
A limited liability company and a cooperative are independent taxpayers, in which case your tax is not affected by the income of the company. A limited liability company and a cooperative pay 20% tax on taxable income. The salary paid to you by your limited liability company is subject to deductions in the same way as salary incomes in general.

## Income taxation in a limited liability company

From a limited company, you can withdraw funds either as a salary or as a dividend.



## Taxation of a private trader



**The limited liability company and the cooperative are independent taxpayers.**

## What if the company is not profitable?

Entrepreneurship carries its risks. Business is not always successful and the company might not make a profit. If you face financial difficulties, don't try to cope on your own. Ask for help from your network, such as from an accounting firm, a business advisor or the Yrittäjän talousapu counselling service.

Financial Aid helps and advises entrepreneurs with financial and payment difficulties. The advisors are experts in finances and company health. The service is confidential and free of charge.

Contact the Yrittäjän talousapu counselling service when

- your company has accumulated unpaid invoices

- you will no longer be able to pay the loans and their interest
- you don't know what to do when sales are down
- you feel that you can no longer cope with financial difficulties alone.

It is important that you ask for help in time.

Yrittäjän talousapu

The telephone service will be available in English from Monday to Friday from 9 am to 4.15 pm +358 295 024 882 (local network/mobile call charge) [WWW.YRITTAJANTALOUSAPU.FI](http://WWW.YRITTAJANTALOUSAPU.FI).

# Learn about VAT

Value-added tax is a general tax on consumption, added to almost all products and services. The tax is intended to be paid by the consumer, but companies act as the tax collector.

Even if you are new to entrepreneurship, you have been dealing with value-added taxes all your life. Value-added tax (VAT) is a general tax on consumption, added to almost all consumed products and services. Even though the tax is intended to be paid by the consumer, companies act as the tax collector. As an entrepreneur, you should include value-added tax into your selling price and then pay the collected taxes to the state. In order for the tax to finally be paid by consumers, companies have the right of deduction. With your company's purchases, you can deduct the VAT you have paid from the taxes you are paying for sales.

Almost all companies that sell products or services must register for value-added tax. The usual VAT rate in Finland is 24 percent. Additionally, there are two reduced VAT rates: 10 and 14 percent. A zero rate is applied, for example, to international trade in goods and services. You also have the right to deduct these zero-rated

## Please pay the value-added tax independently to the Tax Administration.

purchases. In principle, all sales of goods and services taking place in the conduct of business are subject to VAT. However, the Value Added Tax Act contains detailed provisions on the categories of sales that are exempted from VAT. Such activities do not need to be registered for VAT.

Value-added tax is a self-assessed tax. As a taxpayer, you must independently calculate, file and pay the taxes of a certain taxation period to the Tax Administration. If your company is partnered with an accounting firm, you can delegate the filing and payment of the value-added tax to your accountant.

## VAT rates

### General tax rate 24%

- Most goods and services

### Reduced tax rate 14%

- Food supplies
- Feeds
- Restaurant and catering services (however, alcoholic beverages and tobacco products 24%)

### Reduced tax rate 10%

- Subscriptions to newspapers and journals (including electronic books, audiobooks, electronic journals and single issue sales)
- Books
- Medicines
- Sports and fitness services
- Cinema
- Cultural and entertainment event admissions
- Passenger transportation
- Accommodation services
- Compensation received from TV and broadcasting

### Operations exempt from value-added tax

- Sales and rental of real estate and apartments
- Health and medical services as well as social services
- Educational services specified in the Value Added Tax Act
- Financial and insurance services
- Fees received for copyright or performances, separately defined in the Value Added Tax Act
- General postal services
- Other goods and services (e.g. organising raffles and lotteries)

## Calculating the amount of value-added tax

	Price including VAT	Excl. VAT	VAT 24%
<b>Sales</b>	€6,200	€5,000	€1,200 = tax payable
<b>Purchases</b>	€1,860	€1,500	€360 = deductible tax
<b>Payable VAT</b>			<b>€840</b> = tax to be paid

File the value-added tax online through MyTax. If your company is registered for VAT, remember to file the taxes regularly, even if your company is not active. You can also delegate the tax filing and payments to your accounting firm.

# Relief for small businesses

*The Value Added Tax Act includes relief for small businesses. A company may be fully exempt from VAT liability.*

As you start to manage your company's finances, you will usually recognise purchase and sales transactions in your accounting records under the date the purchase or sale took place. This is known as accrual-based accounting. As a rule, the Value Added Tax Act requires you to follow accrual-based accounting, which means that the value added tax is aligned with the date of purchase or sale. However, the seller may have to wait to receive money for their sales, and therefore companies with a turnover of less than €500,000 can pay taxes for their sales based on the money transactions (cash-basis accounting). In this case, the value-added tax is aligned with the month where the monetary transaction actually occurs.

You can also start a small-scale business, for example simultaneously with your job, in a manner that does not require you to register for value-added tax. If your company's turnover during a 12-month financial period is less than €15,000, you do not need to pay value-added tax to the Tax Administration. When estimating the scale of your company's turnover, you should try to remain realistic. If you have estimated the turnover being less than €15,000 but it goes over this threshold, you must pay the value-added taxes retroactively from the beginning of the financial period. A fee for late payment will also be added to the sum.

If your company is not obligated to pay value-added tax, you cannot also deduct the value-added tax on purchases. To lessen administrative obligations for small companies, the threshold for tax liability based on turnover during a financial period is €15,000. This applies to financial periods beginning on or after 1 January 2021.

Even if your company's turnover is below the threshold, you can still register for value-added tax if you want to. In this case, you must always remember to file the VAT, even if your company is not always active.

The VAT relief scheme will be abolished in all EU countries on January 1, 2025. The thresholds that define small business may also be subject to change. Follow the Tax Administration's news and updates and find out how the changes will affect your business.

## VAT relief

If your company's turnover is less than €30,000 during a financial period, VAT relief will be applied. If your turnover is less than €15,000, the VAT paid for the entire financial period will be returned to you. If your turnover is between €15,000 and €30,000, partial VAT relief will be applied. VAT relief can be calculated using the calculator on the Tax Administration's website. Apply for VAT relief on the final value-added tax report of the financial period.

## Filing VAT

Value-added tax is a self-assessed tax, which means that you must calculate, file and pay it independently. You can outsource VAT filing to your accountant.

Usually, value-added taxes are filed and paid according to the financial period once a month. The tax period for VAT can also be quarterly or per calendar year. The due date for filing and payments is the 12th of every month. The filing is not completed immediately during the next month but the month after that. For example, filing the VAT for January is completed by 12 March.

Self-assessed taxes are filed online through the MyTax service, for example. Through the service, you can also pay taxes. You can also file taxes through some financial management software.

**The due date  
is the 12th of  
every month.**



# As an employer

*Before hiring employees, it is important to understand the obligations of an employer. The obligations are based on laws and collective agreements. Which insurances are necessary? What payments and reports must be handled? What other things need to be taken care of? When you are aware of these issues, you can safely become an employer.*

When recruiting, be sure to comply with employment law. Familiarise yourself with the Employment Contracts Act, the Annual Holidays Act, the Non-Discrimination Act and other laws that are binding on employers. The duration of the employment can be open-ended or fixed-term. A fixed term requires a reason, such as substitution, internship or the seasonality of the work. If you want to agree on variable working hours, you must explain in the employment contract the situations where employees are needed and the frequency of these situations.

The beginning of the employment can include a trial period. During a trial period, both parties can terminate the employment contract but only on proper grounds. The duration of the trial period can be at a maximum six months or half of the duration of a fixed-term contract.

## Make a written employment contract

You should always make a written employment contract even though an oral contract is also valid. If there is no written contract, you must provide a written statement of the terms and conditions of the employment.

Minimum conditions for an employment relationship are set, for example, by the Employment Contracts Act, the Working Hours Act, the Annual Holidays Act and collective agreements. If you are a member of an employers' association, follow your association's collective agreement. If you are not a member, follow the universally applicable collective agreement in your industry. Find out through Finlex ([WWW.FINLEX.FI/EN](http://WWW.FINLEX.FI/EN)) whether your company's main

industry has a universally applicable collective agreement. If your industry does not have a universally applicable collective agreement, the minimum conditions are defined by law.

## Staff leasing as an option

You can also find employees through a staff leasing company. In this case, the leasing company will take care of the employer's obligations. Your job is to familiarise the employee with their tasks and to supervise them. The employment terms and conditions will, as a rule, follow the collective agreement that binds your company. Staff leasing can lead to hiring.

## Data processing

When hiring, you can only collect such data from the employee that is considered essential for task performance. Request the data from the employee. To acquire data elsewhere, you will need the employee's consent. The law has separate regulations for situations where such matters as credit reports can be checked. This must also be communicated to the employee.

You cannot ask or collect data that may breach the law on discrimination. Sensitive data such as health data can only be collected if it is necessary from the perspective of the rights and obligations defined by the employment relationship. When personal data is no longer needed for the purposes for which it was collected, it must be destroyed.

## Terms and conditions for paying wages

Minimum wage is defined by the universally applicable collective agreement in the industry. If there is

none, the wages must be considered normal for the industry and reasonable when considering the demands of the job. The law does not regulate a minimum wage. One indicator of a minimum wage is a salary that fulfils the employment conditions of an employee, which you can check on the Kela website ([WWW.KELA.FI/MAIN-PAGE](http://WWW.KELA.FI/MAIN-PAGE)).

»

## Visit

[www.tyosuojelu.fi](http://www.tyosuojelu.fi)

The website provides information on employment conditions, working hours, the employment of temporary workers and foreign labour, occupational health care, occupational safety, necessary permits from the occupational safety and health authority (e.g. asbestos removal work), and notifications to the occupational safety and health authority (e.g. hazardous work carried out by young workers).

[WWW.TYOSUOJELU.FI/WEB/EN](http://WWW.TYOSUOJELU.FI/WEB/EN) > Services and contact information > Forms.



## Make sure you take care of your employees insurance.

» The wages must be paid to the employee's bank account on the last day of the pay period, unless otherwise agreed. Always provide a pay calculation for the employee. Wages must also be paid for an annual holiday. Check the law and the collective agreement to see what they state about holiday bonuses and wages for sick leave, maternity leave and brief absences due to a child's sudden illness.

An employee accumulates two days of annual leave per month during the first year, and after that, 2.5 days. If there is no annual leave accumulated, an employee is entitled to holiday compensation.

### Deductions and insurance

There are statutory obligations related to the payment of salaries. You must deduct the taxes withheld in advance from the wages and compensations for labour or service, unless the recipient is registered in the Prepayment Register.

Obligatory insurances for an employee include a pension insurance (TyEL insurance), unemployment insurance, insurance for occupational accidents and diseases, and a group life insurance.

The wages and health insurance contributions you pay must be reported to the Incomes Register. The information must be reported to the Incomes Register within five days of the payment date. Employer's contributions can be paid through the MyTax service. The due date for payments is the 12th (or the following weekday) of the month following the wage payment month. You can authorise your accounting firm to file the reports and to pay the employer contributions on your behalf.

### Arrange occupational health care

You are obligated to arrange preventative occupational healthcare for your contractual employees. In addition, you can arrange healthcare provided by a general practitioner. »



## Workplace safety is a common matter.

» Kela will pay the employer compensation for the necessary and reasonable costs of occupational healthcare. The compensation must be applied for within six months of the end of the company's financial period.

For your employees, occupational healthcare is free-of-charge. The Occupational Health Care Act is applied to work conducted in Finland that is regulated by the Occupational Safety and Health Act.

### Record all working hours

You must record all working hours and compensation paid for them for each employee in the record of working hours. Additional hours, overtime, emergency work and Sunday work must be recorded separately. There are various types of browser-based software for employers for monitoring working hours, and many of them are also suitable for small companies.

The record of working hours must be presented to the occupational safety and health inspector and employee representative upon request. An employee or a person authorised by them is entitled to a written statement about entries that have been made about them in the record of working hours and the shift roster.

### Occupational safety and health requires cooperation

You are obligated to take care of your employees' safety and health at the workplace. Systematically identify work-related hazards and risks. If these factors cannot be eliminated, assess their significance for the safety and health of the employee. If you feel that you do not have the expertise to do this, use an external expert, such as an occupational health service. The employee must be provided with sufficient information

about the hazards and risks at the workplace. You should take into account the employee's professional skills and work experience.

Different industries have their own safety and health regulations which must be observed. Make sure that the Occupational Safety and Health Act as well as other relevant regulations are easily available.

According to the law, occupational safety and health must be developed and maintained in a collaboration between the employer and employees. The responsibility is assumed by the occupational safety and health manager. You can assume this position yourself or appoint another person to this position.

In a working community of at least ten employees, an occupational safety and health representative and two deputy representatives must be appointed to represent the employees. Managerial staff can have their own representative, and limited personnel groups can have their own occupational safety ombudsman. A working community of at least 20 people must have an occupational safety and health committee.

You must notify The Centre for Occupational Safety's personnel register of your company's contact information, people appointed to safety and health positions, their contact information and date of birth, as well as your occupational healthcare provider. The notifications are the responsibility of the occupational safety and health manager. Make a notification online at [WWW.TTKREKISTERI.FI](http://WWW.TTKREKISTERI.FI).

You can find more information about occupational safety and health as well as working hours and other topics online at the Occupational Safety and Health Administration's service: [WWW.TYOSUOJELU.FI/WEB/EN](http://WWW.TYOSUOJELU.FI/WEB/EN).

## The employment contract must include at least the following information

- the domicile or business location of the employer and the employee
- the date of commencement of the work
- the duration of the fixed-term employment contract and justification for the employment contract being a fixed-term one
- the trial period
- the place where the work is performed or, if the employee has no primary fixed workplace, an explanation of the principles according to which the employee will work at various locations
- the employee's principal duties
- the collective agreement applicable to the work (even when such agreement is not applied)
- the grounds for the determination of the pay or other remuneration, as well as the pay period
- working hours
- the annual holiday
- the period of notice or the grounds for its determination

See the full content of an employment contract and download a contract template from [WWW.TYOSUOJELU.FI/EN](http://WWW.TYOSUOJELU.FI/EN)  
> Employment relationship  
> Employment contract.

# Recruitment process

## WITH THE EMPLOYEE



### BEFORE HIRING

- Consider the employee you need: define the criteria for the open position, along with the necessary skills and experience
- Decide on the form and duration of employment: fixed-term or open-ended? Are there grounds for a fixed term? Part-time or full-time?
- Advertise the position or utilise other channels
- Organise job interviews
- Choose an employee
- Draw up an employment contract



### AT THE START OF THE EMPLOYMENT

- Familiarise the employee with their tasks and safe working practices.

You can find more information, instructions, and answers to your questions at [WWW.TYOSUOJELU.FI](http://WWW.TYOSUOJELU.FI). In addition, employer and entrepreneur associations provide free consultation and advice to their members.

## WITH AUTHORITIES



### BEFORE HIRING

- Register at the Tax Administration Employer Register: this is obligatory if your company becomes a regular employer and you have at least two permanent or six temporary employees during a calendar year
- Take out a statutory insurance against occupational accidents and diseases, as well as a group life insurance before the first day of employment
- Make a written contract and strategy for occupational healthcare with a public or private provider
- Organise a record of working hours



### AT THE START OF THE EMPLOYMENT

- Take out an employees' statutory employment pension insurance (TyEL) before paying wages or reporting employees' income at the Incomes Register

## Important to remember: The Incomes Register

The Incomes Register is a national online database that collects information about wages, pensions and benefits to be used by the Tax Administration, pensions and other insurance companies and other authorities requiring this information.

As an employer, you are obligated to report wages and other payments that you have made in the Incomes Register. You can authorise an accounting company to take care of the reports. Many payroll software will allow you to file the reports directly, and this requires authentication. You can also take advantage of the free **PALKKA.FI** payroll program for small businesses. In the service, you can calculate the salaries of your employees and employer contributions. The service generates and archives payslips

and other accounting documents. In the service, you can choose to have the program automatically send information about employer contributions to the Income Register. You can file the reports online through the Incomes Register service, or in special cases, on a printed form.

You will be filing two kinds of reports to the Incomes Register: earnings payment reports and employer's separate reports. An earnings payment report is filed separately for each employee. You must file the report no later than five days after the payment date.

The payment date is the date when the wages or compensation are available to the income earner. In the earnings report, you must also report benefits, commissions, remunerations,

as well as taxable, and tax-exempt cost remunerations provided to the employee.

In a separate report, you must report the total amount of employer health insurance contributions that you have paid for the reporting month on the basis of the wages paid during the month in question and any deductions made from that amount. If you are in the Employer Register, i.e. a regular employer, you must also file a separate report for the months that you have not paid any wages. In such cases, you will report that you have not paid any wages. At the latest a separate report must be filed on the fifth day of the month following the wage payment month.

More information:

[WWW.TULOREKISTERI.FI](http://WWW.TULOREKISTERI.FI).

## Indirect staff costs (in 2024)

Payment	Salary percentage	Terms	Percentage of contributions withheld from salary	Payment method
<b>The Employees' Pension Insurance TyEL</b>	On average, 24.40% when the employer pays no more than €2,251,500 in wages and salaries in a year.	For salaried employees aged 17–67, employees' pension insurance must be deducted, if they are paid a salary of more than €68.57 a month.	7.15% (for employees under the age of 53 or over the age of 62) or 8.65% (for employees between the ages of 53 and 62).	The pension insurance company will send an invoice for the basic TyEL contribution.
<b>The unemployment insurance contribution</b>	0.53% when the employer pays no more than €2,251,500 in wages and salaries in a year. The insurance contribution is 2.06% of that part of the wages and salaries that exceeds this.	For salaried employees between the ages of 17 and 64, the unemployment insurance must be deducted if the yearly salary paid to them exceeds €1,300.	1.50% (collected if the employee is between the ages of 18 and 64).	The Unemployment Insurance Fund sends contribution invoices to the employer based on the data submitted to the Incomes Register.
<b>The occupational accidents, injuries and diseases insurance premium</b>	0.70% on average.	Concerns employers who pay more than €1,300 in wages and salaries in a calendar year. Must be taken before the employment.		The insurance company sends contribution invoices to the employer.
<b>The group life insurance premium</b>	0.06% on average.	With certain exceptions, it applies to all employees in employment relationships governed by the Employees Pensions Act. The insurance must be deducted in connection with the statutory workers' compensation insurance.		The insurance company sends contribution invoices to the employer.
<b>The employer's health insurance</b>	1.53% of all the wages and salaries paid under the Health Insurance Act.	Paid for employees between the ages 16 and 67 when they are insured under the Health Insurance Act in Finland.		The employer or bookkeeper submits a declaration of the amount once a month to the Incomes Register.
<b>The employee's health insurance contribution</b>				Is included in the withheld tax. No need to pay or subtract separately.

## Pay subsidy

The pay subsidy is a discretionary allowance intended to promote the employment of unemployed jobseekers.

If you hire an unemployed jobseeker, you may receive financial assistance in the form of a pay subsidy covering 50% of payroll costs. Pay subsidy granted on the basis of reduced work ability is 70% of the payroll costs. In certain situations, an association, foundation or registered religious community can receive a pay subsidy of 100% of payroll costs. In addition, an employment subsidy of 70% may be received for the employment of those aged 55 or over. In

this case, pay subsidy is granted without consideration of expediency.

### Eligibility for pay subsidy

All employers (excluding households, government agencies and institutions) are eligible for pay subsidy. The employment relationship may only start after the decision on granting the subsidy has been made. The requirements for granting the pay subsidy are that:

- the pay subsidy does not distort competition
- the employer is committed to paying a wage laid down in

collective agreements

- the employer has performed its statutory obligations.

For up-to-date information on the pay subsidy, please visit the Job Market Finland website: [WWW.TYOMARKKINATORI.FI/EN](http://WWW.TYOMARKKINATORI.FI/EN).

> Services > Pay subsidy for hiring an unemployed person.

# Responsibility benefits all

*Responsibility affects all business operations. By taking social, financial and environmental responsibility seriously in your business, you meet customers' expectations.*

All business operations affect the environment in one way or another, as well as the surrounding society. The goal is to minimise the adverse affects and operate as sustainably as possible for the environment and society. It would be wise to think about responsibility even before starting a business and making any larger investment decisions.

## Three points of view

Corporate responsibility is often divided into three categories: environmental responsibility, social responsibility and financial responsibility. Environmental responsibility is only one aspect of being responsible in your business operations. Being financially responsible includes taking care of bills and payments on time in accordance with regulations and legislation, while social responsibility covers all the social good that your business can give back to the

surrounding community.

A company's social well-being stems from the entrepreneur and the personnel. Take care of your employees and help maintain a sense of meaningfulness in their work, preferably better than the actual legally requirements. Well-managed finances enable the company's sustainable future.

## Sustainable development

Responsibility is not an extra burden but a part of the daily processes of viable business operations. It creates savings in expenses and the customers are more likely to commit to your business. Responsibility will become an even more prominent behaviour-guiding trend for businesses and consumers in the future.

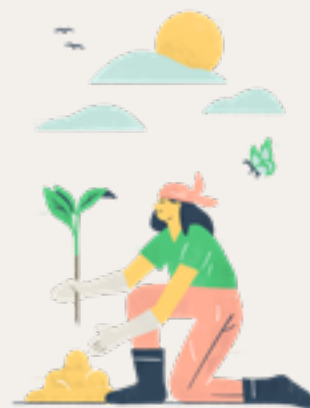
The United Nations has compiled the aspects of responsible operations in their Sustainable Development action plan known as Agenda 2030.

The agenda lists 17 development goals that have been created to erase extreme poverty and promote prosperity in an environmentally sustainable way. Every entrepreneur can find appropriate themes for their business in the agenda.

More information: [WWW.YKLIITTO.FI](http://WWW.YKLIITTO.FI) > English.

## Check regulations

Legislation and rulings include several regulations that are binding on businesses and industries. They represent the minimal level that does not present any competitive advantage. A truly responsible business evaluates its operations continuously and strives for improvement voluntarily. Responsible solutions are not sought to fulfill regulatory requirements but for the sake of the environment and society.



## Recognise the relevant

There is an almost unlimited number of things that can be done for the environment, but every company has its limited resources. It is important to focus on things that make the most powerful impact in your operations and for the environment. The relevant options depend on the line of business the company represents and what the company offers.

Generally speaking, it is a good idea to monitor at least the company's energy consumption. The use of green (i.e. emission-

free) electricity, energy-efficient equipment, and an efficient use of space from the point of view of heating are concrete ways to reduce the environmental burden. In certain lines of business, the producer responsibility concerns both packaging and waste management, so the manufacturer should think about the product's lifecycle and the time when the product is no longer in use.

You should strive to minimise the amount of waste and the recycling of unnecessary materials

in the spirit of the circular economy. Ecolabels, systems and certificates are an unbiased proof that the operations are environmentally friendly.

More information: [WWW.YMPARISTO.FI/EN-US](http://WWW.YMPARISTO.FI/EN-US), [WWW.RINKIIN.FI/EN](http://WWW.RINKIIN.FI/EN) > For companies, [WWW.KIERRATYS.INFO](http://WWW.KIERRATYS.INFO) and [WWW.CIRCULARDESIGNSUOMI.FI/EN](http://WWW.CIRCULARDESIGNSUOMI.FI/EN).

# Open communication is key

*Communicating about responsibility is an integral part of a company's operations regardless of the company's size. Take the initiative to sharing your responsibility principles with customers and stakeholders – as no one else will do it for you.*

Transparency of operations is important in all business and industries. During the era of social media, the meaning of transparency has only been accentuated as abuse of power and human mistakes are easily made visible to public audiences. Be honest and open. It is better to acknowledge shortcomings yourself rather than push them aside for others to manage. It allows you to communicate how you plan to develop your business.

Environmental responsibility is often approached cautiously for the fear of 'greenwashing', i.e. making the company sound greener than it actually is. However, too much caution can become a disadvantage. You can and you should actively communicate about genuine actions of responsibility.

## Responsibility is a competitive advantage

Customers' appreciation for environmentally aware and responsible

products is a growing mega trend that currently offers competitive advantage for pioneers. In the future, it is possible that requests for quotes and work orders will be conditional on such things as the size of the company's carbon footprint and reducing the negative impact of operations.

Because many fields operate in networks and subcontracting chains nowadays, it is particularly important to ensure that every link in that chain is operating responsibly. It is well within your right to express responsibility-related requests to your customers and collaborators. This way they will also be encouraged to develop their operations.

## Keep equality in mind

Accessibility of services is a part of corporate social responsibility. Not everyone has equal possibilities to access digital services or physical premises due to a disability or illness. A well-chosen location benefits the environment as well: when the premises can be reached by public transport or a bicycle, traffic emissions are reduced.

Find more information about accessibility:

[WWW.SAAVUTETTAVUUS-VAATIMUKSET.FI](http://WWW.SAAVUTETTAVUUS-VAATIMUKSET.FI)

**You should actively communicate about genuine actions of responsibility.**

## Terminology guide

Various terms are used when talking about responsibility, and their meanings might seem imprecise from time to time. Memorise these at the very least! You can get free support and sparring for example from different local initiatives in recognising the needs of your operations and planning what actions to take regarding responsibility.

- **ESG** stands for Environmental, Social, Governance. It is used to refer to responsibility and sustainable development in a broad way.
- **CR** or **CSR** (Corporate Social Responsibility) refers to the whole spectrum of corporate

responsibility, meaning the integration of environmental, social and financial responsibility into the company's operations and culture.

- **Agenda 2030** is the United Nations' plan of action for sustainable development which is used as a foundation or reference for many responsibility actions and programmes.
- **Environmental commitments** are voluntary services that businesses can offer to make their responsibility visible. Commitments also have a positive impact on communicating responsibility. Small business

owners should familiarise themselves for example with the Finland Chamber of Commerce's Climate commitment and the Commitment2050 run by Finland's Prime Minister's Office.

- **Environmental management systems**, i.e. labels and certificates, are usually granted by authorities or an expert in environmental affairs. The most well known in Finland are the Swan ecolabel, the ISO 14001 system, WWF's Green Office, and the EcoCompass certificate that is owned by the Finnish Association for Nature Conservation.

# Born to be global

*The energy wood grapple is used to clear brushwood and thin out forests. The grapple can be attached to an excavator and thanks to its dexterity, it makes less impact on the trees to be left behind, leaving a tidy finish to the forestry work.*

text ANNA LAAKSONEN photo INKA NEERUT

**“Make a clear action plan for growth.”**

**K**immo Tossavainen is a serial entrepreneur who started his first business in his early twenties. Since then, there have been eleven companies in total, the newest of which, KX-Treeshears Oy, was launched in spring 2020. Already in August of that year, a modular energy wood grapple was introduced to the market. The parts are partly manufactured in-house, partly by subcontracting. In addition to its own employees, the company indirectly employs around 30 people.

The energy wood grapple is the result of years of development. Kimmo has been working in the forest management industry for a long time, and during the forestry work he has had time to think about what kind of machine would be most useful, especially for clearing brushwood and small trees. The machine should be easy to use, lightweight, and durable. To meet growth targets, the machine should also be suitable for series production and, if necessary, be able to be fitted with a range of accessories to add versatility.

“There was a lot of news about the desire to increase the use of renewable energy wood. I had the idea that a local company would make wood that would be burned in local heating plants, but the idea quickly took on global proportions,” says Kimmo.

## The market leader in its field

Kimmo’s ambitions are bold and open-minded. **Esa Lehmonen**, The

Enterprise Agency Business Äänekoski’s business advisor, also believes in them.

“Kimmo has an insight into what kind of product range is needed for energy wood harvesting, what works in the forest, and what kind of tool will last there. Thanks to his contracting experience, Kimmo also speaks the same language as his customers. We still have regular meetings with Kimmo, where we have discussed both the machinery and investment subsidies.”

The patented modular design of the energy wood grapple also provides a strong basis for international success. The entrepreneur’s goal is to make the energy wood grapple the market leader in its product segment. There are currently more than 30 dealers and the main markets are already found in Europe, the United States, and Canada. Market openings have also been made in New Zealand and South Korea.

## Advice from a serial entrepreneur

“If you want to grow, you need to set clear objectives and a plan on how to achieve them. And if you don’t get there straight away, you have to analyse your practices and think about how to change them. Strong growth can also easily lead to a liquidity crisis, so it is essential to prepare a cash flow forecast. It’s easy to start a business, but harder to get it up and running and profitable,” says Kimmo.

The business advisor agrees and points out the need for marketing.

“Kimmo’s strengths also lie in marketing. His network of dealers is built on his previous contacts, making sales smooth and cost-effective.”

And with the right product, growth and internationalisation have every chance of success.

The energy wood grapple is the result of Kimmo Tossavainen's (right) long product development. Business advisor Esa Lehmonen has been involved in supporting the entrepreneur's growth plans.



### Tips for growth

- Use networks to find partners, subcontractors, ideas, and new customers.
- By developing yourself, you invest in the competitiveness of your business.
- The Enterprise Agency helps you find the best funding channels and options in your area.

# Support for business development

*After the enterprise has been established, its varied lifecycle begins. Public support and help is on offer for various situations along the way. It can be in the form of financing, consultation, expertise or networks. You can also seek help from experts for project planning.*

**The Finnish Enterprise Agencies help you find the best funding channels in your area.**

## **Boost and growth**

Your enterprise might need a boost at some point to reform its operations, induce growth or spread its wings into international markets. The ELY Centres can support businesses in their all-round development with a contribution to the funding of development projects. This can be used to develop existing operations or create entirely new kind of business for the enterprise.

You can apply for funding for development of an SME or for investments in SMEs, when you want to significantly invest in restructuring or growth. The funding can also be used to improve internationalisation and export efforts and possibilities, or to induce growth by developing new products, services or production methods. The goal can be to reach new markets or map out new business opportunities. The goal may also be to promote technological innovation, digitalisation, or actions that promote carbon neutrality.

The enterprise itself must always provide at least half of the development project's funding. The project investments can be supported with 10 to 35 percent of the expenses that were used as a basis for granting the funding contribution, depending on the size and location of the enterprise in question. The contribution must be applied for before the start of the project. You can get support in preparing the funding contribution application from the Enterprise Agency or from your municipal business services. The experts at the ELY Centre can also provide assistance in researching your funding options.

## **Support for local businesses**

From the point of view of business subsidies meant for businesses located in rural areas, 95% of Finland's surface area is considered rural. You can apply for a business subsidy intended for rural area businesses, even if your business is not tied to agriculture. Business investments are supported in this way to increase business activity, employment and vitality in the countryside. The purpose is to utilise local expertise and know-how to benefit the company's own area.

A business subsidy for rural area businesses can be applied for from an ELY Centre or from a local Leader Group. There are 52 Leader Groups in Finland that grant funding for rural areas and micro business projects. Local Leader Groups make the funding decisions regarding their area's businesses or associations. The subsidy is funded by the EU, the government and the municipalities. In addition to company-specific subsidy, subsidies can be granted to development projects. Depending on the project in question, the subsidy can cover 20 to 100 percent of the expenses. You can get detailed »





» information about funding, including percentages, from your area's contact person. The projects to be funded must be in line with the area's development strategy targets.

More information: [WWW.ELY-KESKUS.FI/EN](http://WWW.ELY-KESKUS.FI/EN) > Business and industry.

### Financing and working capital

You can apply for Finnvera's financing for acquisitions and investments for your enterprise and an increased need for working capital. Finnvera provides financing for the start, growth and internationalisation of companies and guarantees against risks arising from exports. If your company does not have the collateral required by banks, Finnvera's partial guarantee may be a suitable solution. Sufficient equity is

essential for your company's success as it provides financial flexibility when the company begins operations.

More information: [WWW.FINNVERA.FI/ENG](http://WWW.FINNVERA.FI/ENG) > Growth.

### Toward an international success story

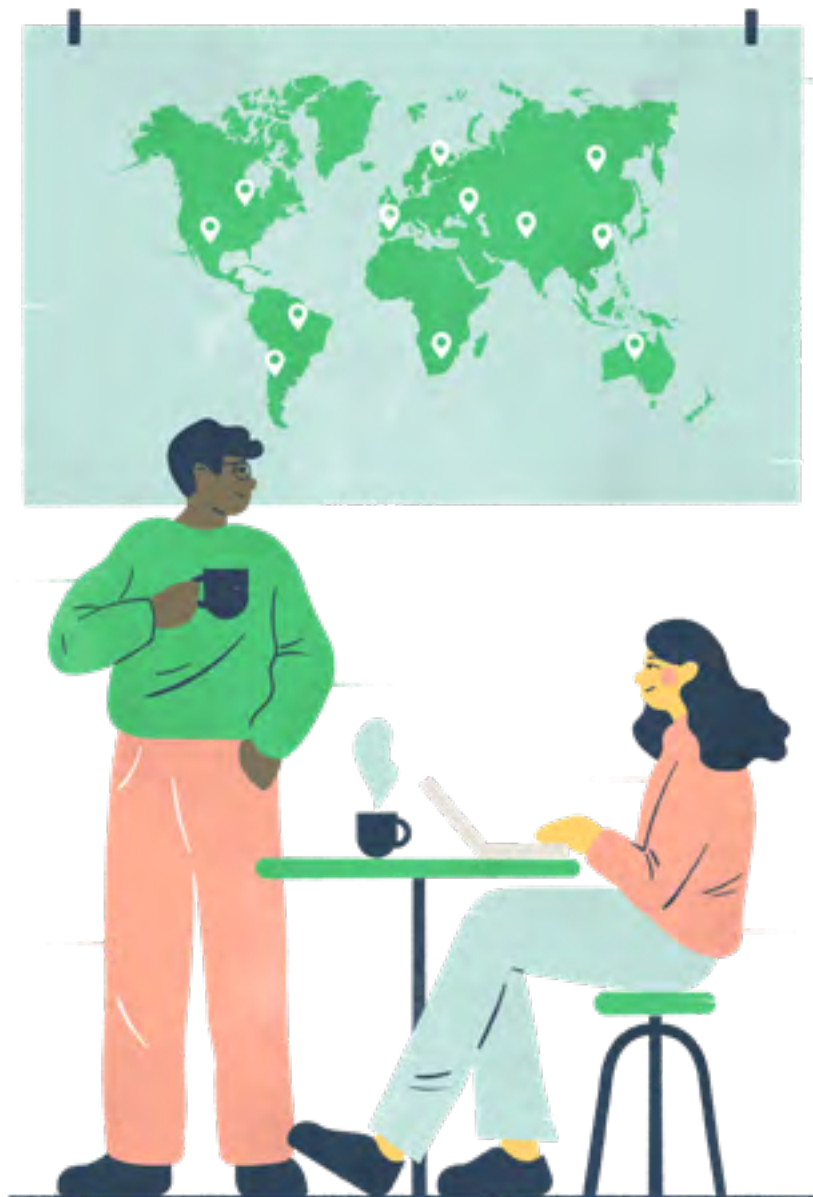
When you are creating an international success story or need assistance in identifying opportunities in the markets, Business Finland is there to help you. Business Finland is a public organisation that offers innovation funding and internationalisation services and promotes investments and travel to Finland.

The expert and financing services of Business Finland are meant for companies that strive for bold business growth and reorganisation

in international markets. These services include funding, ecosystem networking and internationalisation services, as well as information and contacts in the target market. Funding is offered for research, product development, and business development needs. Funding can be granted either as a loan or a subsidy. More information: [WWW.BUSINESSFINLAND.FI/EN](http://WWW.BUSINESSFINLAND.FI/EN).

Finnish Industry Investment Ltd offers capital to companies that are able and willing to grow, as well as business know-how and international networks to boost the company's growth efforts.

Finnfund is a development financier that builds a sustainable world by investing in responsible and profitable businesses in developing »



You can apply for financing for growth, development and experimental projects.

» countries. Finnpartnership is a business partnership programme financed by the Ministry for Foreign Affairs of Finland and is managed by Finnfund, which offers free services. It aims to generate positive development impacts by promoting business between Finland and developing countries.

### Product development and know-how

The services of the Finnish Patent and Registration Office can be used for various stages in product development. Familiarising yourself with well-known solutions can help you find new product development ideas and help you adjust to changing competition situations, as well as offering solutions to problems in product development.

Investing time and money into developing the know-how of your company is an investment in your company's competitiveness. You can complete vocational upper secondary level qualifications targeted to entrepreneurs such as Further Vocational Qualification for Entrepreneurs or a Further Vocational Qualification in Business Management and Leadership.

### Capital injections

Business angels and other capital

investors might be willing to invest in your company. In return, the investors expect a share of the company and a dividend income. The investors often bring business know-how, practical experience, market knowledge and useful networks to the table in addition to financing.

They are usually interested in businesses that aim for rapid international growth through operations that are scalable. In practice, investors share the business risk by investing money into the business in return for a share of the business. They usually sell their share in three to seven years. You can look for a capital investor or a business angel through Pääomasijoittajary or the Finnish Business Angels Network (FiBAN), for example.

In crowdfunding, investments come from larger groups of people instead of individual investors. In return, the investors acquire shares, bonds or benefits, or are able to make preorders. On occasion, investments are made as donations. Crowdfunding is often organised through a funding platform operated by a crowdfunding intermediary, and the funding is sourced by campaigning to potential investors.

## Find the business services in your area

The Finnish Enterprise Agencies network

[WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH](http://WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH)

SEKES – the Association of Finnish Development Companies  
[WWW.SEKES.FI/EN](http://WWW.SEKES.FI/EN)

Association of Finnish Municipalities  
[WWW.LOCALFINLAND.FI](http://WWW.LOCALFINLAND.FI)

## The Team Finland network helps your company to go global

Team Finland is a network of public operators that offers internationalisation services. It brings together all public internationalisation services. The network provides businesses with a smooth service chain, ranging from advice services to funding.

The regional Team Finland coordinators help companies on their road to internationalisation by helping them find the perfect solutions from a wide array of services offered.

The network's experts offer help in planning internationalisation efforts and tackling practical problems. Team Finland provides information about the global markets and their opportunities. In addition, Team Finland organisations offer a wide range of financing services from aid and grants to loans and guarantees.

Finnish companies at various stages of internationalisation can participate in Team Finland's delegation visits. They promote international business operations.

More information: [WWW.TEAM-FINLAND.FI/EN](http://WWW.TEAM-FINLAND.FI/EN).

### Experts offer advice on internationalisation.

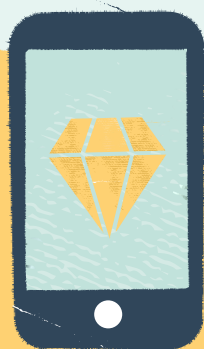
# Networks provide opportunities

*Networking entails meeting new people and getting to know them and their skillset. At its best, networking can offer versatile support for your business. Networking can bring you new customers, subcontractors and ideas.*

Networking is practically vital for businesses. Competition is a part of business life in all industries, so companies need to evolve constantly to achieve success. Networking can provide collaboration partners, subcontractors, ideas and new customers. However, it requires time, commitment and trust most of all.

## Partners for many occasions

Municipalities, counties, educational establishments, Enterprise Agencies, development companies and associations coordinate different kinds of ecosystems, clusters and groups that bring companies and actors together in networks.



**The more you give to the network,  
the more you will benefit.**

An active participation in the network's activities can increase your company's brand conspicuousness and enable collaboration between different organisations. Sometimes the goal of networking might be new innovations, other times increased productivity and cost-efficiency, or perhaps gathering of new information or formation of an export ring.

Networks provide ample opportunities for skill development and collaboration. You might get new perspectives, solutions, information and skills, when you know the right people. Internships, theses and research within the network can also provide a path forward.

Networks can also offer courses, joint development projects, workshops, seminars and educational visits. For a developing company, chambers of commerce, entrepreneur associations and business organisations might also become useful partners. In addition to advisory services, running events and providing contacts, associations and organisations often act as advocacies for enterprises in society, organise courses and offer membership benefits, as well

as recreational activities for their members. You can find a sparring partner in a business mentor.

## Active participation pays off

It is useful to follow different development organisations and associations that could be of interest to your company in social media. Remember to take the initiative. Increasing numbers of networks can be found in LinkedIn for example, or in other social media communities.

Networks share experiences, best practices and new information amongst members. Finding the right contacts can accelerate your company's development and provide the needed peer support. In their networks, entrepreneurs can share ideas and thoughts that would feel foreign to people that are not company-owners themselves.

A network that is collaborative, coordinated and well-run can create wide and versatile entities. It is hard to know beforehand what benefits a particular network will bring. It can only be discovered by participating, being open and trusting, and by committing to collaboration.

The value of networking skills is emphasised at various stages of a company's lifecycle. Networking is always based on the principle of exchange. The more a company is willing to give to the network, the more the company will make use of its opportunities.

# The Finnish Enterprise Agencies' network – support for entrepreneurs

- AKY – Akavalaiset yrittäjät [WWW.AKY.FI](http://WWW.AKY.FI)
- Alina Hoivatiimi Oy [WWW.ALINAHOIVATIIMI.FI](http://WWW.ALINAHOIVATIIMI.FI)
- Ammattiliitto Pro [WWW.PROLIITTO.FI](http://WWW.PROLIITTO.FI)
- Confirma [WWW.CONFIRMA.FI](http://WWW.CONFIRMA.FI)
- Docue [WWW.DOCUE.COM](http://WWW.DOCUE.COM)
- Elinkeinoelämän keskusliitto [WWW.EK.FI](http://WWW.EK.FI)
- Eläketurvakeskus [WWW.ETK.FI](http://WWW.ETK.FI)
- Excellence Finland [WWW.EXCELLENCEFINLAND.FI](http://WWW.EXCELLENCEFINLAND.FI)
- Fennia-konserni [WWW.FENNIA.FI](http://WWW.FENNIA.FI)
- Finnvera [WWW.FINNVERA.FI](http://WWW.FINNVERA.FI)
- Holvi [WWW.HOLVI.COM](http://WWW.HOLVI.COM)
- Hube Helsinki [WWW.HUBEHELSINKI.COM](http://WWW.HUBEHELSINKI.COM)
- Kasvu Open Oy [WWW.KASVUOPEN.FI](http://WWW.KASVUOPEN.FI)
- Kaupan liitto ry [WWW.KAUPPA.FI](http://WWW.KAUPPA.FI)
- Keskinäinen Työeläkevakuutusyhtiö Elo [WWW.ELO.FI](http://WWW.ELO.FI)
- Keskinäinen työeläkevakuutusyhtiö Varma [WWW.VARMA.FI](http://WWW.VARMA.FI)
- Keskisuomalainen Oyj MEKS [WWW.MEKS.FI](http://WWW.MEKS.FI)
- Kumppania Oy [WWW.KUMPPANIA.FI](http://WWW.KUMPPANIA.FI)
- Kuntaliitto [WWW.KUNTALIITTO.FI](http://WWW.KUNTALIITTO.FI)
- Lakiasiantomisto Juutilainen & Co Oy [WWW.JLAW.FI](http://WWW.JLAW.FI)
- LähiTapiola Keskinäinen Vakuutusyhtiö [WWW.LAHITAPIOLA.FI](http://WWW.LAHITAPIOLA.FI)
- Mikro- ja yksinyrittäjät ry [WWW.MIKROJAYKSINYRITTAJAT.FI](http://WWW.MIKROJAYKSINYRITTAJAT.FI)
- MTK [WWW.MTK.FI](http://WWW.MTK.FI)
- Musiikkiluvat Oy [WWW.MUSIIKKILUVAT.FI](http://WWW.MUSIIKKILUVAT.FI)
- Nuorten yrittäjyys ja talous NYT [WWW.NUORTENNYT.FI](http://WWW.NUORTENNYT.FI)
- Oma Säästöpankki Oyj [WWW.OMASP.FI](http://WWW.OMASP.FI)
- Omapaja Oy [WWW.OMAPAJA.FI](http://WWW.OMAPAJA.FI)
- OP Kevytyrittäjä [WWW.OP-KEYTYRITTAJA.FI](http://WWW.OP-KEYTYRITTAJA.FI)
- OP [WWW.OP.FI](http://WWW.OP.FI)
- Osuustoimintakeskus Pellervo [WWW.PELLERVO.FI](http://WWW.PELLERVO.FI)
- Palta ry [WWW.PALTA.FI](http://WWW.PALTA.FI)
- Patentti- ja rekisterihallitus [WWW.PRH.FI](http://WWW.PRH.FI)
- Pulse 247 Oy MyCashflow [WWW.MYCASHFLOW.FI](http://WWW.MYCASHFLOW.FI)
- Rakennusteollisuus ry [WWW.RAKENNUSTEOLLISUUS.FI](http://WWW.RAKENNUSTEOLLISUUS.FI)
- Rastor-instituutti ry [WWW.RASTORINST.FI](http://WWW.RASTORINST.FI)
- Reggster Oy [WWW.TAVARAMERKKI.FI](http://WWW.TAVARAMERKKI.FI)
- SLP Group Oy (Ukko.fi) [WWW.UKKO.FI](http://WWW.UKKO.FI)
- Smartum Oy [WWW.SMARTUM.FI](http://WWW.SMARTUM.FI)
- Startup Refugees [WWW.STARTUPREFUGEES.COM](http://WWW.STARTUPREFUGEES.COM)
- Suomen 4H-liitto [WWW.4H.FI](http://WWW.4H.FI)
- Suomen Ekonomit ry [WWW.EKONOMIT.FI](http://WWW.EKONOMIT.FI)
- Suomen Elinkeino- ja Kehitysyritykset SEKES ry [WWW.SEKES.FI](http://WWW.SEKES.FI)
- Suomen Franchising-Yhdistys ry [WWW.FRANCHISING.FI](http://WWW.FRANCHISING.FI)
- Suomen Metsäyhdistys ry [WWW.SMY.FI](http://WWW.SMY.FI)
- Suomen Nuorkauppakamarit ry [WWW.NUORKAUPPAKAMARIT.FI](http://WWW.NUORKAUPPAKAMARIT.FI)
- Suomen Yrittäjänaiset ry [WWW.YRITTAJANAISET.FI](http://WWW.YRITTAJANAISET.FI)
- Suomen Yrittäjät [WWW.YRITTAJAT.FI](http://WWW.YRITTAJAT.FI)
- Suomen Yrityskaupat Oy [WWW.YRITYSKAUPAT.NET](http://WWW.YRITYSKAUPAT.NET)
- Suomen Yrityskummit ry [WWW.YRITYSKUMMIT.FI](http://WWW.YRITYSKUMMIT.FI)
- SuPer ry [WWW.SUPERLIITTO.FI](http://WWW.SUPERLIITTO.FI)
- Taloushallintoliitto [WWW.TALOUSSHALLINTOLIITTO.FI](http://WWW.TALOUSSHALLINTOLIITTO.FI)
- Taloustutka Oy [WWW.TALOUSTUTKA.FI](http://WWW.TALOUSTUTKA.FI)
- Tekniikan Akateemisten liitto TEK [WWW.TEK.FI](http://WWW.TEK.FI)
- Turvallisuus- ja kemikaalivirasto Tukes [WWW.TUKES.FI](http://WWW.TUKES.FI)
- Visma Solutions Oy [WWW.VISMASOLUTIONS.COM](http://WWW.VISMASOLUTIONS.COM)
- Yhteinen Toimialaliitto ry [WWW.YTL.FI](http://WWW.YTL.FI)
- YLM Yrityslakimies Oy [WWW.YRITYSJURISTI.FI](http://WWW.YRITYSJURISTI.FI)
- Yrittäjäkassa [WWW.YRITTAJAKASSA.FI](http://WWW.YRITTAJAKASSA.FI)

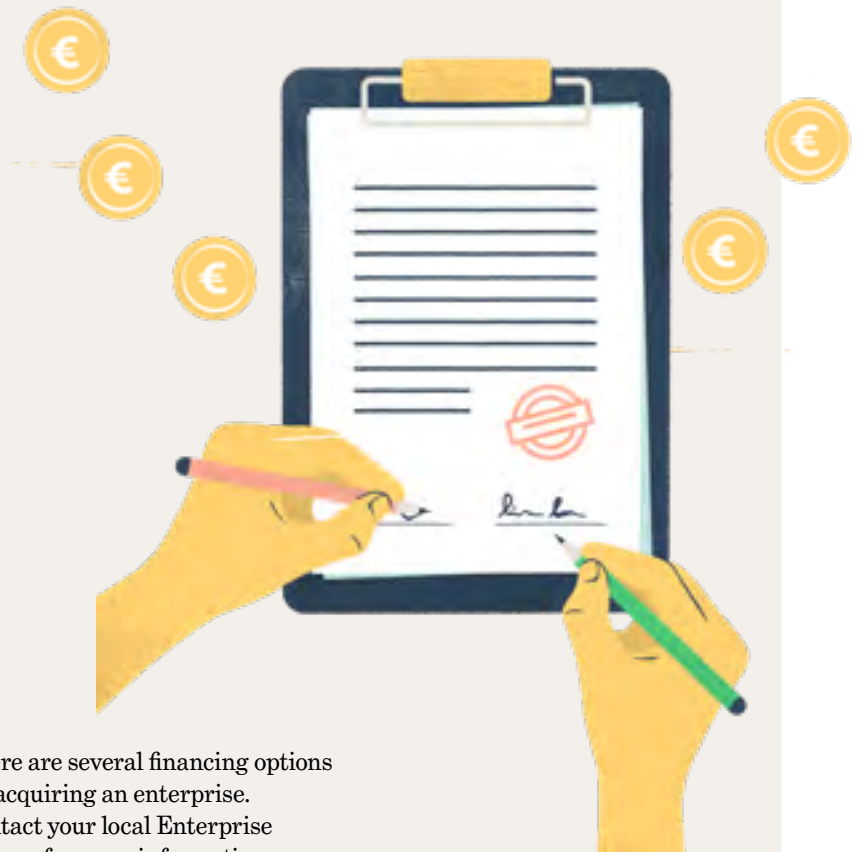
**Networks share experiences,  
best practices and new  
information.**



# Become an entrepreneur by buying a business

*Buying an existing company is the fastest and safest way to become an entrepreneur and grow your business.*

- When you buy an operating business, you acquire an existing customer base and a market-tested business model.
- You can buy an existing company's
  1. share capital or part thereof
  2. business operations or part thereof.
- You can shape the business and develop it based on customer feedback and demand, while maintaining existing best practices.
- The most important things are your idea, your action plan and your knowledge of the operating environment, which will develop over time.
- Learning about the basic principles of entrepreneurship, industry practices and market prospects will help you ensure a successful acquisition.



- There are several financing options for acquiring an enterprise.
- Contact your local Enterprise Agency for more information on becoming an entrepreneur by buying an existing company.



## **There are many good reasons to buy a business.**

Buying a business is a viable option even for someone beginning their entrepreneurship. If the acquisition is expertly handled, there are no surprises and business operations can commence immediately.

**See businesses for sale:**

[www.yrityskaupat.net/en](http://www.yrityskaupat.net/en)



# Customer service with a big heart

*The Kerimäki-based service station Behm faced particular challenges when the COVID-19 pandemic hit in the spring of 2020, followed by the war in Ukraine a couple of years later. However, the entrepreneurs managed to keep the business profitable through these crises.*

text ANNA LAAKSONEN photo SIRPA MIKKONEN

“Find out about the financials and history of the company you are buying.”

**M**iia and Joni Behm became entrepreneurs when they bought a service station run by the parents of one of Miia's friends. The service station was a meeting place for the whole village. Customer service and sales were familiar to Miia and Joni, so entrepreneurship was a natural extension of their previous careers. They run their service station as equal partners, each allowing the other to play to their strengths. Joni is responsible for the workshop and everything related to it. Miia takes care of the office work and is more responsible for the shop. They work together on general service and maintenance work.

Miia and Joni also act as employers. The Behm service station employs three workers, who are an invaluable resource to the entrepreneurs.

## Vitality for the village

What inspired the acquisition was a strong desire to realise a personal vision and bring new services to the villagers. In addition to the traditional fuel sales, café, car wash and betting services, the station has a small machine repair shop that services, repairs and sells outboard motors, electric bikes and snowmobiles, among other things. The services are developed in line with customer wishes.

“We have both lived in Kerimäki all our lives. The fact that we can play our part in keeping our small village vibrant was

one of the deciding factors in becoming entrepreneurs,” Miia and Joni explain.

The Enterprise Agency Itä-Savon Uusyrityskeskus was an important support in the decision-making process, helping the couple to make sure that the business had the financial basis to succeed.

“It is a good idea to get a deep understanding of the financials and history of the company you are buying. We received a lot of support and good advice from the Enterprise Agency, for example on arranging funding,” says Miia.

**Katja Remes**, CEO and Business Coach at the Enterprise Agency Itä-Savon Uusyrityskeskus, says that Miia and Joni are the perfect people to continue the service station business.

“Self-service gas stations have become more common, and traditional service stations have often remained empty. Fortunately, this was not the case in Kerimäki, where the competitive situation for fuel distribution remained good as new entrants were found. Miia and Joni have a positive attitude and, despite the challenges, they don't get discouraged, they are always looking for a positive solution and new ideas.”

## Strong confidence in the future

A positive attitude was needed in the early days of the business, when the whole world was affected by the COVID-19 pandemic, the war in Ukraine, and the subsequent sharp increase in costs.

In Kerimäki, grapevine proved to be a better marketing channel than social media. At first, the whole village was completely quiet due the COVID-19 restrictions, but as word spread, the workshop began to swarm with customers. The small machine repair shop was extremely busy as people had time to get their small machines serviced due to a lack of other activities. This gave Miia and Joni the confidence that their business could survive anything.

The small machine repair shop is one of the mainstays of Miia and Joni Behm's service station. Business coach Katja Remes (left) praises the couple's perseverance.



### Become an entrepreneur through acquisition

Buying an existing company offers a simple way for a new entrepreneur to get started.

- The company has existing customers and turnover.
- The business comes with functioning processes.
- Rolling cash flow from the start.
- A change of ownership can give the business a new lease of life.

# Time to transfer your business?

*Sometimes it is necessary to divest a company for one reason or another. Acquisition is a natural part of the life-cycle of a company. Make sure that your company always remains saleable.*

There are many reasons for terminating business activities: retirement, your family situation, your financial situation, your own ability to run the business, moving abroad or simply the desire to enter a new phase in your career. When you are sure that you want to sell the company, you can start thinking about the practical things. Note that it might take years to implement the acquisition - or at least several months.

## What are you selling?

The business transfer or the partial acquisition may boost the growth of your company, if you can no longer fully focus on the activities or develop them yourself anymore.

First, make first sure that you know what you are selling. You can sell

- the entire operating enterprise (share transaction)
- a part of the enterprise (requires dividing up the company)
- company shares, i.e. establish a partnership
- only the business operations or part of the business operations
- intellectual property rights, such as inventions, patents, etc.

## Always ready for an acquisition

As regards buying decisions, the first impression usually counts. Think about what your enterprise looks like from the outsider's point of view. Are the external appearance, the logo and website of your company appealing? Is your enterprise's name such that the buyer can continue the activities under the same name? If the name of your company contains your family name, e.g. Peltiseppä T. Aaltonen Oy (Tinsmith T.Aaltonen Ltd),

selling it might be harder compared to a business with a more general name, e.g. Peltiseppäojat Oy (Tinsmith boys Ltd). Are your business activities clear at their core or do they wander in some aspects?

The buyer making the acquisition is always focused on the future. The buyer considers the different business opportunities your company can provide him or her. What kind of growth and profits can (s)he attain by buying your company? If you are planning on selling the company, you should nonetheless not stop developing your business and investing. You should rather develop constantly.

Keep the documents of your company well arranged, so that you can easily find the financial statements for the previous years, agreements and other important documents. For the sale situation, you can assemble the information into a sales binder, where you can find the information quickly if needed.

Ask an expert to help you determine your enterprise's financial value. Also view the situation from the point-of-view of the potential buyer. Although the traditions and emotional values that have become part of the company might be very important to you, they do not have the same significance to the buyer. Be realistic: the buyer is more interested in what the expected returns are going to be in the future than in past transactions.

## Adjust the accounting figures

Follow your company's key figures regularly. Compare them to those of other companies in your sector i.e. your competitors.

You should clear the balance sheet of everything that is excessive. Your

company might have invested its capital in movable assets or residences that are not in any way related to your actual business operations. If this is the case, the buyer will not be interested in them. Therefore, you should always consider carefully before making such an investment.

You might have drawn too little salary or your company might have rented a property owned by a shareholder for a rate that differs from the market rates. Make sure to check these items in the income statement as well, and to adjust them if needed. It is only after these corrections are made that the actual profitability of your company (i.e. what the buyer is interested to know) can be found out.

## How to find a buyer?

With regards to family enterprises, the successor is usually somebody from the »





» immediate circle. Possibly one of the enterprise's employees who is not part of the family might be interested in taking over the business activities.

Most companies are, however, transferred to an external buyer. In such cases, it is important that you get communications right. You should openly express your intention to sell your company: it is hard to sell an enterprise if the potential buyers do not know that it is for sale.

You can reach potential external buyers for example by placing a sale advertisement online or in a newspaper. You can also assign a business broker who will directly approach potential buyers on your behalf. Are you unsure about how your clients or partners will react to your intention to sell the business? You can also place the sale advertisement anonymously, so that your name or company are not revealed. Moreover, the Enterprise Agency has expertise in company transfers.

Companies that can be sold or bought: [WWW.FIRMAKAUPPA.FI](http://WWW.FIRMAKAUPPA.FI), [WWW.YRITYSKAUPAT.NET/EN](http://WWW.YRITYSKAUPAT.NET/EN).

### Due diligence and sales

Did you find a suitable potential buyer? When you have concluded the non-disclosure agreement, the preliminary

contract and the letter of intent, the buyer will perform due diligence, that is to say he or she will check the financial situation and the administration of the company. Due diligence permits the buyer to see what kind of opportunities the acquisition might provide to his or her business activities. It might also affect the purchase price and the contract terms of the sale.

The buyer will need time to arrange financing. When financing has been ensured and you have accepted the final bid, it is time to implement the deal. You should ask, for example, a legal expert for assistance, so that the contract is drawn up correctly.

Make sure you also meet your liabilities after signing the agreements. Make sure that any existing customers and employees you might have commit themselves to the new owner. Do not forget to pass over tacit knowledge and be prepared to work together with the new owner and, in the background, help him or her for 1-2 years. Lastly, you should be able to let go - the company is not yours anymore.

### Handing over the company to the next generation

If you are handing over a family business to the next generation and you have

## It might even take years to conclude the acquisition.

several children, you should take into account the position of all the heirs. Each direct heir has at least the right to a lawful share. The remaining part of the estate may be willed for example to a single child who will continue the activities of the enterprise.

When a generational change takes place, the successor is considered to be a new entrepreneur just like he or she would be if the company had been founded in another way. The Enterprise Agency provides free advice and sparring for generational handovers as well.

A change of ownership in a family business often provokes strong feelings. These should be discussed openly with all the parties. The generational handover is successful if the transferor, the successor and the company are doing well afterwards.

## Terminating business activities

Closing down a business does not mean failure. Entrepreneurship can be just a phase in life after which something else will follow on later.

When you are considering termination, think once again whether your company or business activities might have value for somebody else. In this case selling might be a more reasonable option than termination. You can also leave your company dormant for the time being. This is the cheapest and easiest alternative, if you think you will continue your business activities in the future.

Termination of business activities must be notified to The Finnish Tax Administration and Trade Register.

The notification can be made by filling in the electronic form in the [WWW.YTJ.FI/EN](http://WWW.YTJ.FI/EN) service. The notification of termination is free of charge for firms and partnerships. Dissolving a limited company or a cooperative can cost as much as several hundreds euros.

### Meet your liabilities

Before making the notification of termination you have to meet certain liabilities: you have to pay the company's debts, sell its assets and terminate its contracts. Also make sure to discuss taxation with your accountant, because taxes may become due even after the termination date. Note that the

accounting records have to be kept and stored for 6-10 years and the contracts for 3 years as of the termination of the activities.

You should inform your customers, your partners and other stakeholders about the termination in good time. It may occur that one of them would be interested in buying your enterprise, which would mean that you do not need to close down your business.

As an entrepreneur, you can receive unemployment security, when you have completely terminated your entrepreneurial activity, or when you are no longer employed by the enterprise. Ask about this from your TE-office.

# Business dictionary

**ACCOUNTS LEDGER** refers to that part of the accounts where the transactions of the company are listed. The most commonly used account ledgers are the sales ledger and purchase ledger. They are used for payment control.

**ACCRUAL-BASIS ACCOUNTING** means that in addition to the items processed in the cash-basis accounting, receivable and payable items are recorded, even if no invoices have been sent or no payments have been made. In monthly bookkeeping, the performance principle can be applied to selected expense items only, but in financial statements, the performance principle must be applied to the entire financial statement. For example, in day-to-day bookkeeping, labour costs and social security costs can be reported based on the actual work performed, even though the payment is transferred to the following month. In accrual-basis accounting, in addition to the items processed in the cash-basis accounting, receivable and payable items are recorded, even if no invoices have been sent or no payments have been made.

**BALANCE** is the difference between the debit and credit accounts of a company. The balance of the payable and receivables states the amount of receivables or payables in the account and the bank statement shows the amount of cash in the account or the credit used for the credit account.

**BALANCE SHEET** This is a statement concerning the company's accounts and forms part of the financial statements of a business. It shows the assets and debts of the business at a certain point in time. In the balance sheet, the assets owned by the business are listed under the Assets heading (debit) while the shareholders' equity and the business's debts are listed under the Liabilities heading (credit), as well as the accumulation of appropriations and mandatory provisions.

**BANKRUPTCY** is where the operations of a business end and all distrainable assets are converted into cash to pay debts that have arisen from the business's operations. Bankruptcy proceedings may be initiated by the debtor or the creditor.

**BOOKKEEPING** means keeping a record of a company's financial transactions, performance, solvency, and liquidity.

**BREAK-EVEN POINT** means the theoretical level of net sales where the business has a zero result, i.e. it makes no profit and no loss.

**BUDGET** is a company's plan of action in euros. It specifies the company's revenue and cost targets for a specified period of time.

**BUSINESS ACTIVITY** refers to independent, systematic, and continuous activity that involves risks and that is practiced in order to make a profit.

**BUSINESS ANGEL** This is an individual who invests his/her own money in growth enterprises.

**BUSINESS IDEA** is a short description of a company's product or service describing what is being sold, to whom, and how.

**BUSINESS PLAN** describes how a company operates in its target market and how it generates value for the customer at a price that is acceptable to both parties.

**BUSINESS-TO-BUSINESS** means between businesses. For example, a marketing campaign may be directed at just businesses, i.e. business-to-business.

**CAPITAL** Money or assets (property given as a capital contribution) that the entrepreneur or another investor transfers to a business. Capital can be divided into shareholders' equity and liabilities. In addition to the equity that has been invested in the business, shareholders' equity comprises capital that has accumulated from operational income or valuation of the balance sheet assets at a value higher than the acquisition cost. Liabilities comprise capital which an external party has invested in the business and which must be paid back. Depending on the terms of the loan, a subordinated loan may be considered as either equity or liabilities.

**CAPITAL INCOME** The unearned income of a natural person refers to proceeds from property, capital gains and other income that can be considered to have accrued from company assets, such as income from interest, rent, profit on sales, and dividends from listed companies. Part of the business income of a private entrepreneur, a partner share of the business income of a general or limited partnership, and the dividends paid by a limited liability company can be considered capital income.

**CASH-BASIS ACCOUNTING** In cash-basis accounting, the company's transactions and financial transactions are recorded based on their date of payment. Cash-basis accounting does not include accounts receivable or accounts payable.

**CASH FLOW** refers to money that comes into the company when it sells goods or services and money that goes out of the company. Other monetary income, such as investments, loans and dividends, are also included in the cash flow.

**COMPETITION** A situation in which businesses offering similar products or services compete for the same demand. Businesses can differentiate themselves from competitors by various means, such as location, products, quality, price, and availability. Economic competition is regulated by competition legislation. See also direct and indirect competition.

**COST** In accounting, the term cost refers to an expense or part of an expense allocated to a certain financial period.

**CROWDFUNDING** is a practice of collecting funding for projects from people, organisations, and entrepreneurial activity. In order to reach the funding target, funds are usually collected as small sums from a large number of people.

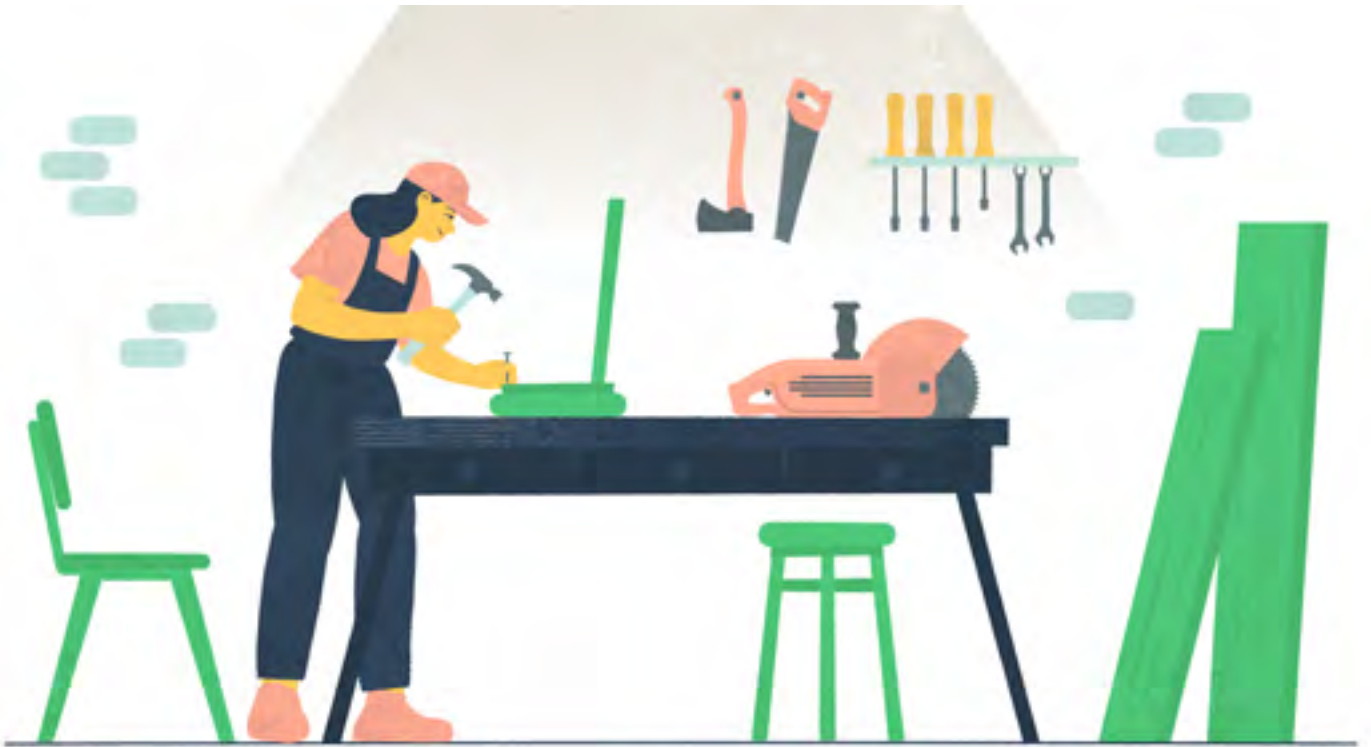
**CUSTOMS CLEARANCE** This is when goods are imported or exported, and the associated tax-related administrative procedures. Customs clearance is taken care of by the customs authority ([WWW.TULLI.FI/EN](http://WWW.TULLI.FI/EN) > Businesses).

**DEGREE OF SOLVENCY** The more equity an enterprise has in relation to its loan debt, the more solvent the enterprise.

**DEPRECIATION** The acquisition costs of fixed assets subject to wear and tear (such as buildings and equipment) are entered on the balance sheet (i.e. activated) as assets and deducted in accounting as depreciations during the commodity's depreciable lifetime.

**DIRECT AND INDIRECT COMPETITION** Direct competition means that another business is competing openly with your business and offering the same products and services. Indirect competition means that another business is offering different products and services from your business, but they can also fulfill the same needs. For example, a pizzeria will compete indirectly with a fast-food outlet selling hamburgers but directly with another pizzeria.

**DISTANCE SELLING** In distance selling, the buyer has no possibility to view the product before the sale takes place. Distance selling includes, for instance, mail order, telesales, and e-commerce.



**DUE DATE** is, for example, the last date of payment on an invoice.

**EARNED INCOME** For example, a salary, a pension and benefits (such as a study grant, child home care allowance or an unemployment allowance). The taxation for earned income in Finland is progressive, i.e. the tax rate increases as the income increases. The tax paid on your earned income includes the state tax, the municipal tax and the church tax (if any). Depending on the municipality, the municipal tax rate is between 16.50% and 23.50%. The church tax rate varies between 1 and 2.2%.

**E-COMMERCE** is commerce conducted via the internet. Purchases by consumers are governed by the provisions on distance selling; it is worth while examining them carefully before establishing an online store.

**ELECTRONIC INVOICE** Only invoices in electronic form that are sent from one invoicing system to another are considered electronic invoices. An invoice sent in PDF format via email is not considered an electronic invoice. An electronic invoice between businesses is called an e-invoice, while an invoice sent to a consumer is called a digital invoice. Sole traders and companies have the right to receive electronic invoices from other companies upon request. The Finnish Electronic Invoicing Act does not apply to companies with a turnover less than 10,000 euros or companies that only sell to consumers.

**EMPLOYEES' PENSION INSURANCE (TYEL INSURANCE)** is obtained from pension insurance companies.

**FINANCE** Starting up a new business always requires money. Finance may include the entrepreneur's own money, operational income, loans or state subsidies.

**FINANCIAL PERIOD** is a period of time (usually 12 months) for which the company's results (= profit or loss) are calculated. In some (exceptional) circumstances, the business's financial period may be shorter or longer than 12 months (but not more than 18 months), due to operations being commenced or terminated or the date of the financial statements being changed (Finnish Accounting Act). The financial period of a self-employed person and a private trader must be a calendar year unless (s)he prepares a financial statement and applies double entry bookkeeping.

**FINANCIAL STATEMENTS** cover a financial period. They show the financial result of the business and its financial position at the end of the financial period. It includes the income statement and the balance sheet for the financial period as well as notes and the list of books and records. It must be prepared at the close of each financial period. The financial statements must be audited by an auditor if the company falls under the scope of the audit obligation law or if the company voluntarily wishes to perform an audit.

**FIXED COSTS, I.E. ONCOSTS** are the costs of a business that are not dependent on the level of production over a short time period and instead remain constant. Fixed costs include, amongst other things, the rental of premises, monthly wages and salaries, bookkeeping and costs arising from the use of machines.

**FORM OF ENTERPRISE** The forms of enterprise that can be registered in Finland are sole trader (firm), general partnership, limited partnership, limited company and cooperative, as well as the less common forms, public limited company and Societas Europaea (in which at least two members must be from different EU member states).

**GDPR** (General Data Protection Regulation) is a regulation concerning personal data processing that also applies to companies. Entrepreneurs should study it carefully. [WWW.TIETOSUOJA.FI/EN](http://WWW.TIETOSUOJA.FI/EN).

**GOODS** include consumer non-durables (e.g. bread, milk and other products that are used directly) and consumer durables (e.g. for example, washing machines and televisions whose operating life is long). Consumer goods or new capital goods are produced with the help of capital goods. Capital goods include, for example, raw materials, machines and fuel.

**GROSS PRICE** is the total price subject to VAT (if applicable), without any discounts.

**GUARANTEE** refers to a commitment by which an individual or organisation (guarantor) answers to a creditor for the obligation (principal debt) of another person or company (debtor) under certain circumstances.

**INCOME STATEMENT** is part of a company's financial statements. The other parts are the balance sheet, notes and a list of the accounting books and materials. The profit and loss statement presents the profits and losses of the financial period as a subtraction statement. The profit and loss statement shows the net income for the financial period (profit or loss).

**INCOMES REGISTER** is a national database that all employers must use to declare the salaries they have paid.

**SUOMI.FI** identifications and, when acting on behalf on another person, **SUOMI.FI** authorisation are used in the electronic Incomes Register service. The service uses personal banking credentials or Mobile ID for authentication.

**INCORPOREAL RIGHTS** protect immaterial rights, such as technology, design, trademarks and other characteristics.

**INDIRECT PERSONNEL COSTS** are statutory payments, in addition to the gross salaries payable to employees, that a business must make to the Finnish Tax Administration, to pension and accident insurance companies, and the Employment Fund. Indirect personnel costs include social security, employee pension insurance, worker's compensation insurance, unemployment insurance and group life assurance contributions.

**INTEREST RATE** A fixed interest rate stays the same for the whole loan period, but a variable interest rate is linked to the reference rate of interest so that it is reviewed at specific time intervals. The reference rate of interest may be, for example, the Euribor rate. Euribor is a reference rate that is published daily and is used by banks when they offer unsecured loans to other banks on the euro money market. In practice, Euribor is the interest rate at which a bank receives money borrowed from other banks. The bank lends these funds forward at a higher interest rate (Euribor + margin).

**INVESTMENT** is an acquisition or an expenditure with long-term effects for which the company expects to receive income during the course of several financial periods. An intangible investment may be targeted at training, research, or environmental protection, among others. Tangible investments may include machines and equipment.

**INVOICE-BASED ACCOUNTING** In invoice-based accounting, invoices which have arrived or been sent are recorded

in addition to the items included in payments-based accounting, even if they have not been paid yet. In such a case, the bookkeeping must include trade receivables and accounts payable.

**LINE OF BUSINESS** This indicates what kind of business operations an enterprise engages in, for example, catering activities or retailing of textiles.

**LIQUIDITY** means the ability of the business to meet payments when they become due.

**LOGO** This is the registered or established symbol for a business, through which customers distinguish the enterprise from its competitors.

**MANAGING DIRECTOR** or **CHIEF EXECUTIVE OFFICER (CEO)** This person manages the day-to-day administration of a limited liability company or cooperative in accordance with the directions and regulations given by the Board of Directors. (S)he is responsible for ensuring that the accounting is in accordance with the legislation and that the financial management is organised in a reliable way. The Managing Director or CEO must provide the board and its members with the information that is necessary for the board to take care of their duties.

**MARGIN** refers to the funds available in the bank. Also see "Sales margin".

**MISSION STATEMENT** This is a description of the aim of the company's operations, i.e. why the company exists. The company's business plan explains how the mission statement will be implemented in practice.

**NET CASH FLOW FROM OPERATIONS** This refers to the income receivable from day-to-day business that is used to cover the expenses of the enterprise.

**NET OPERATING PROFIT** is an item on the profit and loss account that is calculated by deducting variable costs, fixed costs and depreciation and write-downs from net sales. Net operating profit is the profit on the business's operations before distribution of profits. The distribution of profit here mean interests, taxes and dividends.

**NET PRICE** is the price of a product after all discounts and value-added tax have been deducted.

**NET PROFIT** (result of the financial period) is the company's result after taxes but before appropriations and extraordinary items. In other words, it is the company's net sales minus variable costs, fixed costs, depreciation, write-downs, interest costs and taxes.

**NET SALES OR TURNOVER** refers to the proceeds (excluding VAT) a company receives from the sales of services or goods during a specific period of time, such as a month or a year. Variable and fixed costs are not deducted when calculating the turnover, except for discounts offered.

**NOTES** are a mandatory part of a company's financial statements where the figures on the income statement or balance sheet are supplemented with verbal information to provide a correct view of the company's operations and financial status during the period under review.



**OFFER** This is a binding proposal made to another party (vendor or purchaser) to devise an agreement or deal, with the proposal containing the terms of the deal (such as price and time of delivery).

**PENALTY INTEREST ON LATE PAYMENTS** The interest payable after the invoice payment date, i.e. the due date. This is an additional charge that is levied if the initial sum has not been paid on the due date, at the latest.

**PREPAYMENT OF TAX** can occur when tax is withheld from an employee in accordance with the personal withholding rate shown on the tax card.

**PROFITABILITY** A business is profitable when the difference between the business income and expenses is positive, i.e. the company makes a profit.

**PROPERTY GIVEN AS A CAPITAL CONTRIBUTION** means assets put into a business as a non-monetary investment. Property given as a capital contribution may only be those assets that have a financial value to the enterprise. A commitment to perform work for the enterprise can not be regarded as property given as a capital contribution.

**RETAILER** This is an importer of goods or a business that handles the retail sales of products from industrial enterprises.

**SALES MARGIN** is calculated by deducting costs related to materials and services from net sales. The sales margin does not take the (indirect) fixed costs of the business into account. The lower the sales margin percentage, the higher the net sales required by the company to make their operations profitable.

**SECURITY** For example, a landlord can secure their receivables by charging a two- or three-month security deposit paid in connection with the lease of premises. Securities can be divided into real securities and personal guarantees. A real security relates to an object-specific liability for debts where a specific asset (e.g. a property) has been entered as a security. A personal guarantee means that a specific person becomes liable for the debt of another.

**SEGMENT** This is a part of a specific entity. For example, customers can be grouped into different segments according to age, education and income level. By using segments, services or products marketing can be focused on a specific customer group, and thus a competitive advantage can be gained.

**SELF-EMPLOYED PERSON** is an entrepreneur who operates in his/her profession without a fixed workplace and without external manpower.

**SELF-EMPLOYED PERSONS' PENSION INSURANCE** (YEL insurance) is a mandatory form of pension insurance for entrepreneurs, on the basis of which the entrepreneur accumulates earnings-related pension. Earnings-related pensions are paid in the form of old-age pensions, disability pensions, and as survivor's pensions for the decedent's spouse and children under the age of 20. All allowances from the Social Insurance Institution of Finland (Kela), such as sickness, pregnancy and parental allowances, are also calculated on the basis of the entrepreneur's reported YEL income.

**SHARE** This is a part of a limited company's share capital. The shareholders own a certain number of shares, i.e. a part of the business. They have voting rights in the company according to their ownership, and they can receive a dividend consistent with their shareholding, i.e. compensation for the capital invested by them in the company.

**SHAREHOLDERS' AGREEMENT** is a contract concluded between shareholders that /establishes the rules for the management of the company and ownership of its shares.

**SME** means small- or medium-sized enterprises.

**START-UP MONEY** is discretionary support for new full-time entrepreneurs. This support can be applied for through the Employment and Economic Development Office. The application must be made before commencement of the new business's operations.

**STREAMLINING** means the reorganisation of an enterprise. When a business is streamlined, costs are cut back, for example, by reducing the labour force, trying to increase earnings, and improving the flow of capital. Corporate restructuring is a measure sanctioned by a court of law, through which the operations of a legal person who is overburdened by debts are reorganised.

**SUBCONTRACTING** is work procured from an independent manufacturer or supplier outside the business.

**TAX DEDUCTED AT SOURCE** is a deduction of tax made from a salary or work remuneration. Tax that is withheld from salaries must be declared by the employer in the Incomes Register ([WWW.VERO.FI/EN/INCOMES-REGISTER](http://WWW.VERO.FI/EN/INCOMES-REGISTER)) and paid to the Tax Administration. The tax withheld in advance from dividends and interest is reported in the MyTax service.

**TERMS OF PAYMENT** determine the due date of an invoice or payment and the method of payment, i.e., when and how the sales price is paid to the vendor.

**TERMS OF SALE** These concern the details that need to be arranged for a deal, such as price, quality and time of delivery.

**TRADER** Traders can be divided into self-employed people and traders with a fixed workplace.

**TRADER WITH A FIXED WORKPLACE** This is an entrepreneur who has a fixed workplace or who employs other staff.

**UNEMPLOYMENT FUND** An unemployment fund pays its unemployed members an earnings-related daily allowance that is determined on the basis of their pre-unemployment income. Joining an unemployment fund is voluntary. In Finland, entrepreneurs can join an unemployment fund for entrepreneurs, such as the Unemployment Fund for Finnish Entrepreneurs ([WWW.YRITTAJAKASSA.FI](http://WWW.YRITTAJAKASSA.FI)).

**VALUE ADDED TAX (VAT)** is a tax on consumption which the consumer pays to a business as part of the price for a product or service. The VAT is paid by the business to the Finnish Central Tax Administration.

**VARIABLE OR DIRECT COSTS** are costs arising from purchased materials and services that depend on the product or service sold. Direct costs of a product include all the costs that occur when the product is manufactured or bought.

**WARRANTY** During the warranty period, the seller is liable for any defects or flaws in the goods. Generally, the vendor gives the customer a new product in place of the faulty one or returns the amount paid for the product to the customer. Warranty is not statutory, providing warranty is a voluntary benefit.

**WORKING CAPITAL** A business needs working capital, because expenses usually occur before income. The working capital must be enough to cover the difference. Usually, current receivables and current assets minus current liabilities (excluding loan repayments for the next financial period) are processed as working capital.

# Checklist for new entrepreneurs

## Form of enterprise

- Find out the best form of enterprise for you
- Also consider buying an existing business and check all the businesses available for sale

## Business plan

- Written business plan
- Necessary calculations

## Profitability

- Fixed costs
- Variable costs
- Personal income
- Gross margin percentage
- Critical profitability point (= sales volume to cover all costs, but the company does not generate any profit or loss)

## Identifying the market

- Demand
- Competition and competitors
- Price level
- Uniqueness of the products/services compared to competitors
- Advertising and marketing

## Start-up grant

- Start-up grant application to the Employment and Economic Development Office
- Tax debt certificate
- Business plan and calculations
- The statement procedure for the Enterprise Agency

## Financing

- Capital requirements (investments/working capital)
- Self-financing
- Bank, Finnvera, other external investor
- Support opportunities
- Guarantees

## Agreements

- Memorandums of association (mandatory)
- Other agreements relating to the establishment (e.g. shareholders' agreement, membership agreement);
- Other necessary agreements (lease for business premises, delivery agreements, leasing agreement, employment contracts)
- Always read the agreements before signing and make sure that you know what you are committing your company to

## Registration to the Trade Register

- Not before you have the start-up grant decision
- Any share capital of the limited liability company must be paid into the company's account before registration

## Licences

- Disclosure/registration obligation
- Subject to authorisation

## Business premises

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

## Financial transactions

- Opening an account
- Payment terminal
- Invoice templates

## Accounting

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

## Taxation

- Registration in the VAT register
- Registration in the Prepayment register
- Applying for prepayment taxation

## Insurances

- Insurance against treatment injury, environmental impairment liability insurance, employer insurance and motor liability insurance (statutory)
- YEL: Basis for the entrepreneur's social security
- Accident insurance (not mandatory but recommended)
- Liability insurance/legal expenses insurance
- Property insurance
- Other insurances
- Ask for offers from several insurance companies

## Unemployment security

- Transfer from an employees' unemployment fund to the unemployment fund for entrepreneurs as soon as possible after starting entrepreneurial activities (at least within three months from the start).
- The Unemployment Fund for Finnish Entrepreneurs ([WWW.YRITTAJAKASSA.FI](http://WWW.YRITTAJAKASSA.FI))

## Personnel

- Registration as an employer in the employer register
- Obligations (collective agreements, Employment Contracts Act, Working Hours Act, Annual Holidays Act, etc.)
- Costs for the company (salaries + indirect personnel costs)
- Possibilities for a pay subsidy

## Expert meetings

- Business advisers, banks, insurance companies, accounting firms, tax authorities, etc.

## Entrepreneur's support network

- Your own networks
- Entrepreneurial networks, entrepreneur associations, business associations, and employer associations
- Financial advice: [WWW.YRITTÄJÄNTALOUSAPU.FI](http://WWW.YRITTÄJÄNTALOUSAPU.FI)





# See you on social media!

*You can also find the Enterprise Agencies on social media. We provide up-to-date information on topics related to our activities, as well as tips for your entrepreneurial journey, especially for the early stages. You can explore inspiring entrepreneurial stories from around Finland and stay up to date on important legislative reforms that may affect your company.*

We also share quality content from our partners that we think will be useful to you. If you have any questions, we are just a click away!

We also want to know more about you. Share your own entrepreneurial story and tag us: #Uusyrityskeskus #Enterpriseagency #Entrepreneurstory

## The Finnish Enterprise Agencies on social media

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## Sign up for our newsletter

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## Book a business advisor meeting free of charge

*People contemplating or starting an entrepreneurship can turn to 30 Enterprise Agencies for help. Advisory services are provided by almost 200 business advisors and there are 1,500 experts in different sectors. The network is supported by 1,000 undertakings and 270 associations.*

*All Enterprise Agencies have an ISO 9001:2015 quality certificate. Our quality criteria require that over 90 percent of the enterprises started through Enterprise Agencies should still be in operation after two years and 80 percent after five years. A study on effectiveness shows that this target has been met. Let's make your business succeed!*