

DOING  
BUSINESS  
IN

**Finland**



*doing business in  
Finland*

# *foreword*

This booklet has been prepared for the use of clients, partners and staff of HLB International member firms. It is designed to give some general information to those contemplating doing business in Finland and is not intended to be a comprehensive document. You should consult us, therefore, before taking further action. Tietotili Consulting Oy, Tietotili Audit Oy and HLB International cannot be held liable for any action or business decision taken on the basis of information in this booklet.

Helsinki, August 29

HLB Tietotili Consulting Oy / HLB Tietotili Audit Oy

© Tietotili Consulting Oy, Tietotili Audit Oy 2003-2005. A member of HLB International a worldwide organization of accounting firms and business advisers.

# *about HLB International*

HLB International is a worldwide organisation of professional accounting firms and business advisers, each providing clients with a comprehensive and personal service relating to auditing, taxation, accounting and general and financial management advice.

Formed in 1969, HLB can assist clients to do business in over 100 countries, with more than 1,660 partners and 10,440 staff in over 430 offices.

Up-to-date information and general assistance on international matters can be obtained from any of the partners of HLB Tietotili Consulting Oy listed in this booklet or from the Executive Office in London.

HLB International  
Executive Office  
21 Ebury Street  
London SW1W 0LD  
UK  
Telephone +44 (0)20 7881 1100  
Fax +44 (0)20 7881 1109  
Email: [mailbox@hlbi.com](mailto:mailbox@hlbi.com)  
Website: [www.hlbi.com](http://www.hlbi.com)

HLB International is a world-wide organisation of professional accounting firms and business advisers, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International organisation but provides no professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International organisation, and vice versa.

# *contents*

CONTENTS	
FOREWORD	
ABOUT HLB INTERNATIONAL	
GENERAL INFORMATION	
Fact Box Finland	
General Information	
Climate	
Economy	
Spoken Languages	
Executive	
Legal System	
Transportation	
Currency	
INVESTOR REQUIREMENTS	
International Competitiveness	
Education	
Sources of Finance	
TYPES OF BUSINESS ORGANISATION	
Limited Liability Company (Osakeyhtiö Oy, Oyj)	
Partnership (Henkilöyhtiö Ay, Ky)	
Private Company (Yksityisyrittäjä, Toiminimi, T:mi)	
Branch	
Agent	
CONTRACT LAW IN FINLAND	
Creating a Contract	
Breach of Contract	
Authorisation to a third party of the power of agency	
Nullity	
Unfair Terms of Contract and Adjustment of Contract	
Consumer Protection	
ACCOUNTING	
Financial Statements	
Exceptions for Small Companies	
International Accounting Standards (IAS)	
AUDITING	
Auditor's Responsibilities	
Other Services Provided by Authorised Auditors	
TAXATION	
Fiscal Year	
Structure	
Personal Taxation	
Other Taxes	
Double Tax Treaties	
Corporate and capital income taxation	
Limited Liability Companies	
Partnerships	
Private Companies	
Branches	
Depreciations	
VALUE ADDED TAX	
VAT Code	
HLB IN FINLAND	
Tietotili Consulting Oy	
Tietotili Audit Oy	
How To Contact Us	
FINNISH BUSINESS ON THE INTERNET	

# *general information*

## **Fact Box Finland**

Official Name	Republic of Finland
Population (31.12.2004)	5,236,611
Area	338,145 sq km
Languages	Finnish and Swedish
Capital city	Helsinki (560,000 inhabitants)
GDP (2004)	Euro 149,7 billion
GDP per capita (2004)	Euro 28,700
Inflation rate (Jan 2005)	1,2%
Main products	Electronics, pulp, steel
Currency	Euro
Memberships	EU, EMU, UN

## **General Information**

Finland is one of the Nordic countries and forms part of Scandinavia. It has a population of over five million inhabitants. Helsinki, the capital city and principal financial centre, has 560,000 inhabitants and is located on the south coast, by the Gulf of Finland. Since gaining its independence in 1917, Finland has been one of the leaders in developing Western Europe's financial sector, and it has led the way in many technological advances, especially in the '90s. In 1995 Finland became a member of the European Union.

## **Geography**

With an area of 338,145 square kilometres (130,000 square miles), Finland is the fifth largest country in Europe. Forests account for approximately 73% of its surface area, and the 188,000 lakes comprise a further 10%. After Iceland, Finland is the second most northerly country in the world, as roughly one third of its land area is above the Arctic Circle. Geographically, Finland is bordered to the west by Sweden and the Gulf of Bothnia, to the north by Norway, to the east by a long border with Russia, and to the south by the easternmost branch of the Baltic Sea, the Gulf of Finland.

## **Climate**

Summers are warm, whereas springs and autumns are relatively mild. Summer usually begins in late May in southern Finland and lasts until mid-September. Summer in Lapland starts about a month later and ends a month earlier than on the south coast. Winter usually begins in late November in southern Finland. In winter, the mean temperature remains below -5°C in southern Finland, but warm airflows can raise the daily high above 0°C at times.

## **Economy**

Finland has a highly industrialised, largely free-market economy. Foreign trade is very important for many Finnish companies. Trade statistics show that Finland's main trading partners include Germany, the United Kingdom, Sweden, France, the United States and Russia. The most important export sectors of the Finnish economy are technology, forest products, pulp, steel, machinery, food and agriculture. Many of the country's international technology and forest-sector companies maintain their headquarters in Finland.

## **Spoken Languages**

There are two official languages in Finland: 93% of Finns speak Finnish, and approximately 6% Swedish, as their mother tongue. English is also widely spoken. The literacy rate amongst Finns above school age is 100%. Education is free, including study at university level. The provisions laid down in Finnish legislation on the country's official languages require their use in certain situations – these include preparation of the financial statements of Finnish companies.

## **Executive**

Under the Constitution, executive power is vested in the President of the Republic of Finland (currently Mrs. Tarja Halonen) and the Finnish Government. The President's term of office is six years, and no President may serve for more than two consecutive terms. The President is also the Supreme Commander of the Finnish Defence Forces. Finland's unicameral Parliament was established in 1907 and consists of 200 members.

## **Legal System**

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

## **Transportation**

Finland is a country of long distances and is served by an extensive, high-quality transport infrastructure. The road and rail networks allow efficient transport of passengers and goods to every part of the country – even northernmost Lapland. Train services include the Pendolino intercity express services, which cater especially to the needs of business travellers. Domestic air traffic operates from Helsinki-Vantaa international airport and 24 regional airports. Inland waterways traffic is centred on the Lake District in eastern Finland, while the Baltic Sea ports handle domestic and international passenger and cargo traffic.

## **Currency**

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

**Other Information**

Finland is one hour ahead of Central European Time (GMT +2). Business hours are usually 07.00 – 15.00 (CET), Monday to Friday. The international dialling code for telephone calls to Finland is +358.

# *investor requirements*

Finland consistently ranks high in international competitiveness, thanks to the availability of high-quality labour, scientific and technological expertise, and an ability to respond to modern business needs. Finland is strategically situated in northern Europe between Sweden and Russia. GDP growth in 2004 was 3.7% and the forecast for 2005-2006 is over 3%. Inflation in January 2005 was 1.2%, thanks, primarily, to stable oil prices and fairly moderate wage increases.

The capital city, Helsinki, forms the focus of a wider economic region of 1.2 million inhabitants and 625,000 jobs.

All the requirements for successful investment can be found in Finland: finance, land, infrastructure, communication and a skilled and competent workforce. Finland has a free enterprise economy and a wide range of programmes to support cooperation among companies, universities, science parks and public-sector organisations. All this adds up to a very attractive business environment, and one that is extremely open, global in outlook and forward-looking.

## **International Competitiveness**

The two main international surveys of competitiveness rank the Finnish business environment among the best in the world. The Institute for Management Development (IMD) ranks Finland number two in the world and number one in Europe in overall competitiveness (2002), and the World Economic Forum (WEF) ranks Finland number two in the world in their growth competitiveness index (2002). In both surveys it was technology and labour that received the highest marks.

## **Education**

There are altogether 20 university-level institutions in Finland: ten multifaculty universities, three universities of technology, three schools of economics and business administration, and four art academies. The University of Helsinki is the largest. In addition, there are 31 polytechnics. Geographically, the network of universities and polytechnics covers the whole country. University-level education is also provided by the National Defence College, which comes under the Ministry of Defence.

The Finnish education system has also turned out to be efficient. According to the OECD PISA assessment young Finns have been among the OECD top performers in mathematics, science and literacy as well as in problem-solving.

## **Sources of Finance**

Most international banks operate in Finland. The OMX Exchanges is the integrated Nordic and Baltic marketplace that operates the stock exchanges and central securities depositories in Stockholm, Helsinki, Tallinn, Riga and Vilnius, and provides reliable services of the highest quality.

# *types of business organisations*

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

## **Limited Liability Company (Osakeyhtiö, Oy, Oyj)**

Limited liability companies are the most common form of business organisation in Finland. Limited liability companies are either public or private companies, depending on their share capital. Private limited companies (yksityinen osakeyhtiö Oy) have a minimum share capital of €8,000 and are not listed on the Helsinki Stock Exchange (OMX). By law, private limited companies must have a board of directors consisting of at least one board member.

Public limited companies (julkinen osakeyhtiö Oyj) are usually listed on Helsinki Stock Exchange, and some are also listed on the NYSE. The minimum share capital for a public limited company is €80,000. By law, a public limited company must have at least three members on its board of directors and a chief executive director. In its company by-laws, a public limited company may also specify the need for an administrative council.

## **Partnership (Henkilöyhtiö, Ay, Ky)**

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

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

Limited partnerships consist of companies that have a number of partners personally liable for the obligations accumulated during the company's business activity, and also partners whose liability is limited only to the amount they have invested in the company.

## **Private Company (Yksityisyritys, Toiminimi, T:mi)**

Besides limited liability companies and partnerships, there are also many small private companies in Finland. Establishing such a company is relatively easy as the procedure is uncomplicated, requiring only registration in the trade register. Private companies are usually owned by a single proprietor, who alone is liable for the company's assets and debts. Private companies are subject to taxation, although they are exempt from value added tax if net sales do not exceed Euro8,500.

**Branch**

A branch company is an independent unit of a foreign company or organisation that conducts business in Finland on a continuous basis. The income of the branch is subject to Finnish taxation, provided that the parent company is deemed to have permanent business activities in Finland operated by the branch. This means that the company's financial statements must be made according to the Finnish laws. On the contrary, if the income of a branch is not taxed in Finland, its business profit can be presented in the consolidated international financial statements only.

**Agent**

An agent conducts business under a contractual relationship with a principal. Agents are divided into two groups: those that represent the principal directly, and those that represent the principal indirectly. In direct representation the agency contract is commercial and business is conducted in the name of the principal. In indirect representation the agent conducts business in its own name, which removes the principal's liability in the event that a third party makes a claim.

# *contract law in finland*

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

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

## **Creating a Contract**

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

## **Breach of Contract**

Breach of contract can result in a liability to compensate the economic loss of the other party. So-called "compensation of positive contractual benefit" is a widely used compensation in the Finnish courts. It means that the financial situation of the other contractual party shall be improved to the level that it would have been improved to, if no breach of contract had occurred.

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

## **Authorisation to a third party of the power of agency**

The provisions concerning authorisation of the power of agency are relatively similar to major European legislation. The most important model is the German civil code, BGB (Bürgerliches Gesetzbuch). According to the Contracts Act § 10 "[a] person who has authorised another to conclude contracts or to enter into other transactions shall, directly in relation to a third person,

acquire rights and become bound by way of the transactions entered into by the agent within the scope of his/her authority and in the name of the principal.”

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

### **Nullity**

Nullity means that a contract, or a part of it, may be regarded as non-existent. Terms of contract may be considered void where the freedom to contract of the other party to the contract has been limited in one way or another. In Finnish contract law a distinction exists between so-called “strong” and “weak” claims. The strong claims are e.g.:

- grave duress (coercion consisted of physical violence or a threat involving imminent danger to life or health)
- reduced capacity of the other party due to minority

So-called weak claims are e.g.:

- coercion not constituting grave duress (i.e., a lesser form of threat is required as in the form of grave duress above)
- fraudulently induced claims

### **Unfair Terms of Contract and Adjustment of Contract**

According to § 33 of the Contracts Acts a transaction that was entered into under circumstances that would make it incompatible with the equitable principles of good faith shall not be enforceable. A company must not e.g. force customers to accept unfair terms and conditions of a contract.

According to § 36 of the Contract Acts and the rule of general fairness contained within this provision the terms of a contract may be adjusted or set aside if it is unfair or if its application would lead to an unfair result.

### **Nullity**

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

# *accounting*

The minimum requirements for company bookkeeping are laid down by law. Irrespective of the size or organisational structure of the company, all actions performed as commercial activities must be included in the accounts, which must represent a true and fair view of the company's operations. An independent auditor is appointed to audit the accounts and verify that the company has complied with the regulations.

## **Financial Statements**

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

- Board of Directors' report (limited liability companies and partnerships)
- profit and loss statement
- balance sheet
- cash flow statement (public limited companies only)
- notes to the annual accounts

## **Exceptions for Small Companies**

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

- net turnover no more than Euro 6,250,000
- total assets no more than Euro 3,125,000
- average number of employees no more than 50

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

## **International Accounting Standards (IAS)**

The European Union has determined a timetable for the adoption of the International Accounting Standard (IAS) for financial statements, which is based on the auditing standards of the International

Auditing Practices Committee (IAPC). The requirements apply to all public companies. These companies must publish their financial statements in IAS form for the first time in 2005. The aim of the new provisions is to ensure standardised financial statements in every member state of the European Union.

The new accounting standard will thus apply to all companies with a public listing on the Helsinki Stock Exchange (OMX). These listed companies are required to have a minimum equity of €80,000. In anticipation of the new procedures, most Finnish companies have already published their financial statements in compliance with the IAS or are to do so in the near future. Many unlisted companies are also expected to adopt the new standard voluntarily in order to improve the international comparability of their financial statements. All member countries of the European Union are subject to the same transition period. No major differences are expected in the national timetables.

The new International Accounting Standard demands significant changes in the compilation and presentation of financial statements. An example of a change under this new standard is that, after 2005 the financial statements will have to be given in English too, whereas the previous system required only Finnish or Swedish. The composition of the financial statements is more detailed than the existing system under the Finnish Accounting Act.

Further information is available from the International Accounting Standards Board ([www.iasb.org.uk](http://www.iasb.org.uk)).

# *auditing*

Every company that is obliged to keep accounts must also appoint an auditor. The Finnish Auditing Act lays down the criteria for determining which companies must appoint a Certified HTM-Auditor or an Authorised Public Accountant (at least two of the three criteria must be satisfied):

Certified HTM-Auditor:

- net turnover more than €680,000
- total assets more than €340,000
- average number of employees 10 or more

Authorised Public Accountant (KHT):

- net turnover more than €50,000,000
- total assets more than €25,000,000
- average number of employees 300 or more

Bookkeeping and auditing must be strictly separated in every company in order to ensure the independence and honesty of the auditor. Certified HTM-Auditors are authorised by regional Chambers of Commerce, whereas Authorised Public Accountants are authorised by the Central Chamber of Commerce.

## **Auditor's Responsibilities**

The most important responsibility of the auditor is to examine compliance with the legislation. Specifically, the auditor is required to give opinions on the following:

- the proposal of the Board of Directors or equivalent body regarding treatment of the profit for the period
- whether the annual accounts have been prepared in accordance with the Accounting Act
- whether other provisions and requirements governing the preparation of annual accounts have been fully complied with
- whether the annual accounts can be adopted
- whether the Board of Directors (and the Managing Director) or equivalent can be discharged

from liability.

If any of the above points is not affirmed during the auditing, the auditor is obliged to point this out. Discharging the Board of Directors from liability erroneously may cause the auditor to become liable for the economic consequences.

### **Other Services Provided by Authorised Auditors**

As professional financial experts, authorised auditors often provide additional services, although by law these other services cannot be provided to any client for whom auditing is conducted, to ensure the independence and honesty of the auditor. Such services include business advice on the following:

- Financial statements
- Corporate governance
- Corporate and individual taxation
- Financing activities
- Corporate analysis and restructuring, e.g. acquisitions and mergers

# *taxation*

## **Fiscal Year**

The tax year runs from January 1 to December 31.

## **Structure**

The Finnish Tax Administration comprises the National Board of Taxes and 9 regional tax offices. Operating under the regional tax offices are local tax offices and the tax levying, payment control and tax auditing units, as well as other such units dealing with centralised tasks. The Tax Administration has around 190 client service outlets around the country. The Tax Office for Major Corporations is a national unit that attends to the taxation of large and internationally active companies. The Tax Administration's policies are determined by its Board of Directors, which is appointed by the Government for a four-year term.

## **Personal Taxation**

The entire income of individuals is taxable:

- if they have a tax domicile in Finland, or
- if their income is earned in Finland, or
- if they are salaried employees in Finland (except for income exempted by international agreement).

Earned income (wages/salaries, benefits and pensions) is subject to national and municipal taxation. National income tax is progressive, the scale ranging from 0% to 60%. In addition to income tax, individuals in employment are liable for social security payments, which consist of occupational pension, unemployment and health insurance contributions.

## **Other Taxes**

Other taxes include transfer tax, stamp duty, inheritance tax, gift tax and withholding tax on interest.

## **Double Tax Treaties**

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

## **Corporate and capital income taxation**

The Finnish corporate and capital income taxation reform entered into force in January 2005. The

purpose of the reduced tax rates contained in this reform are to maintain Finland's international competitiveness and ensure that Finland will be a financially rewarding business environment for foreign investors and business partners in the future by reducing the corporate tax rate.

General principles of the Finnish corporate and capital taxation will remain essentially unchanged after the tax reform. However, there are some major changes taking place. First of all, modifications in the tax rates are to take place. As an example:

- The corporate tax rate will be reduced from 29 per cent to 26 per cent
- The tax rate on capital gains will be reduced from 29 per cent to 28 per cent
- Net wealth taxation will be removed in 2006

### **Limited Liability Companies**

According to the old tax law dividends were practically tax-free due to the imputation credit system. In the corporate taxation reform the imputation credit system for corporate tax will be repealed for the taxation of dividends. The new system will apply for the first time from the tax year 2005.

General provisions concerning the distribution of dividends will also remain after the tax reform. These provisions are the same for both public and private limited companies. For instance the amount of distributed dividends must not exceed the amount of free equity, which consists of present and past business profits. The tax declaration must be completed no later than four months after the end of the accounting period.

According to the new tax law corporate taxation will be different for publicly listed companies and other companies with limited liability.

Dividends paid by publicly listed companies will be taxed after the imputation credit system is repealed. From the start of the tax year 2005 onwards 70 % of the dividends are taxed as capital income (tax rate 26 %) and 30 % of the dividends will be tax-free.

Dividends paid by non-listed companies will be tax-free to the amount that does not annually exceed 9 % of the company's net assets. In a case where 9 % of the company's net assets exceed 90,000 euros, 70 % of the dividends are taxed as capital income (tax rate 26 %) and 30 % of the dividends will be tax-free. Moreover, tax paid on dividends exceeding 90,000 euro will be deductible in the taxpayer's net wealth taxation (Net wealth taxation will be removed in 2006).

For more accurate calculations we highly recommend turning to your local HLB partners in Finland, Tietotili Consulting and Tietotili Audit (contacts at the end of this booklet).

### **Partnerships**

The taxation of partnerships differs somewhat from the taxation of limited liability companies. Previously the taxation of limited liability companies was lower than the taxation of partnerships. However, after the corporate and capital income taxation reform the actual differences in the taxation of limited liability companies and partnerships are relatively small.

A partnership is not regarded as a separate legal person to be taxed as a single unit. Instead, the

partners' earnings are taxed under the personal taxation rules, and are divided into capital income and personal income. Calculating each partner's share of the company's capital income requires determination of the partnership's net equity: the debts are first deducted from the assets, and the result is then added to 30% of the past 12 months' salaries. The amount of capital income is then 10% or 18% (optional percentage) of this net equity. The capital income apportioned to each partner is calculated according to the partner's ownership share in the company.

The rest of each partner's earnings is regarded as personal income, which is taxed progressively. If the profit for the accounting period is negative, the partners are allowed to offset 29% of these losses against their future personal taxes for the following 10 years.

### **Private Companies**

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

The basis for calculating the amount of capital income is the same as that for partnership companies. The debts are deducted from the assets, and an amount equal to 30% of the past 12 months' salaries is added. The amount of capital income is then 10% or 18% (optional percentage) of this calculated net equity, which is then allocated according to the person's share in the company.

### **Branches**

The income of a branch company is taxed if the parent company is deemed to have established permanent business activities in Finland, operated by the branch company. Taxation of branch companies depends on the company structure. The vast majority of branches are part of limited liability companies.

Distribution of dividends from the parent company to the branch or vice versa is taxed in accordance with complex regulations. This requires a sound knowledge of the legislation.

### **Depreciation**

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

### **VALUE ADDED TAX**

Payment of value added tax is not subject to separate requests from the tax authorities but must instead be paid by companies on their own initiative. It is a consumer tax and is therefore not a tax burden on VAT-registered companies, as it is passed on to the final consumer price. VAT is charged monthly by the 15th of each month – within one and a half months of the sale of the good or service – and applies to nearly all sales and imports of goods and services for consumption.

## VAT Rates

There are three different VAT rates: the general rate of 22% and three reduced rates, 17%, 8% and 0%. The following are examples of reduced VAT rates in accordance with instructions issued by the Finnish Tax Administration:

### VAT rate of 17%

- food and animal feed

### VAT rate of 8%

- cinema performances
- sports facilities
- books
- pharmaceuticals
- entrance fees to commercial, cultural and entertainment events and facilities
- passenger transport services

### VAT rate of 0%

- subscriptions to newspapers and magazines (the sale of individual copies is taxed at the full rate)
- printing services for membership publications of charities
- international trade

More information is available from the Finnish Tax Administration ([www.vero.fi](http://www.vero.fi)).

## VAT Code

Businesses that are liable to pay value added tax must be entered in the VAT register maintained by the Finnish Tax Administration. All registered companies have a specific VAT code that begins with FI and is followed by the company's business identity code (e.g. FI9876543). The VAT code must be shown on invoices in order that companies can make VAT deductions.

# *hlb in finland*

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

## Tietotili Consulting Oy

Based in Helsinki, Tietotili Consulting Oy is a full-service accountancy office equipped with the latest IT solutions. With extensive accounting experience, we provide our clients with professional, high-quality and flexible services in accounting, tax advice, financial statements, liquidation management and payroll administration. Consultation on business reorganisation is also provided by our financial experts.

Tietotili Consulting Oy employs more than 30 accounting professionals serving a variety of clients, including Finnish subsidiaries of international companies and Finnish family businesses. All documents can be provided in Finnish, English, Swedish, German or French as necessary.

## Tietotili Audit Oy

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

## How To Contact Us

Tietotili Consulting Oy / Tietotili Audit Oy

Mannerheimintie 103b,

00280 Helsinki, Finland

Tel. +358 (0)9 7253 0800

Fax +358 (0)9 7253 0810

Email: [asiakaspalvelu@tietotili.fi](mailto:asiakaspalvelu@tietotili.fi)

[www.tietotili.fi](http://www.tietotili.fi)

## FINNISH BUSINESS ON THE INTERNET

The following is a list of Finnish organisations and administrative bodies of relevance to the Finnish business world. The Internet addresses given are either for the English pages of the website or for the Finnish front page, from which there is a link to the English pages.

Business Information System (Yritystietojärjestelmä YTJ)

[www.ytj.fi](http://www.ytj.fi)

Central Chamber of Commerce:

[www.keskuskauppakamari.fi/kkk/en\\_GB/](http://www.keskuskauppakamari.fi/kkk/en_GB/)

Finnish Institute of Authorised Public Accountants

[www.kht.fi](http://www.kht.fi)

Finnish Tax Administration (Verohallinto)

[www.vero.fi](http://www.vero.fi)

National Board of Patents and Registration of Finland

[www.prh.fi/en.html](http://www.prh.fi/en.html)

The Registered Association of Certified HTM-Auditors

[www.htm.fi](http://www.htm.fi)

Statistics Finland

[www.stat.fi/index\\_en.html](http://www.stat.fi/index_en.html)

