

2025



GUIDE

TO STARTING A BUSINESS

Turning entrepreneurial dreams into successes.

Business advice for thriving businesses

Suomen Uusyrityskeskukset is a joint organisation of business service providers and Enterprise Agency centres operating in different parts of Finland.

We recently celebrated our 35th anniversary. All this time, Enterprise Agency centres have been ensuring that aspiring entrepreneurs receive free, expert help with their first steps towards entrepreneurship. In our 35 years so far, our network has created around 200,000 new businesses and an estimated 500,000 jobs. These figures makes it clear that our operations are extremely important to Finnish society.

Free advice

Enterprise Agency centres operating under different names around Finland follow a common quality management system, which ensures consistently high service quality. The start-up guide you are now reading, published by Suomen Uusyrityskeskukset, is a means of providing business advice under the Uusyrityskeskus programme.

Technically speaking, setting up a business in Finland is relatively easy. However, in advising entrepreneurs we look beyond this to consider what the entrepreneur should do once the business is up and running to get the business off to a good start. Having a business adviser will help the new business succeed.

According to an impact study commissioned by Suomen Uusyrityskeskus, 80 per cent of the companies that have used the Enterprise Agency centres are still in business five years after they were set up, compared to 50% of all companies in Finland. The Enterprise Agency centres therefore have a clear impact on business sustainability, and it would be a waste to set up a business without utilising our services.

Profitable growth

A constantly changing world presents constant challenges, and recent years have seen many global upheavals, but also major national reforms. Economic downturns and crises affect businesses in many ways, but entrepreneurship can also be a route to success.

In Finland, people must be allowed to strive for growth and prosperity through their own efforts. We need more growth-oriented businesses and employers. At the same time, it's important that we ensure that Finnish micro-enterprises can find ways to thrive as well. That is why all businesses and entrepreneurs should have access to our expert services.

Enterprise Agency centres have an important social responsibility in creating profitable business, both now and in the future..

PIIA MALMBERG
Managing Director
Suomen Uusyrityskeskukset ry



**Find your nearest
Enterprise Agency at
and schedule
an appointment with our
business advisor**
WWW.UUSYRITYSKESKUS.FI/
IN-ENGLISH



QUALITY

All Enterprise Agencies have an ISO 9001:2015 quality certificate. Our quality criteria require that 80 percent of the enterprises started through Enterprise Agencies are still in operation after five years.



Welcome to setting up your business

The 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 participate in extensive network and stakeholder cooperation.



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

Guide to starting a business in Finland 2025

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Aim high!

At a bakery in Vaasa there is no shortage of bright ideas. Self-belief and the determination to pursue these ideas has been the driving force behind the company's success.

text **JENNY THUNEBCRG** photo **JUKKA VÄHÄLUMMUKKA**

Pastery chef and baker **Eva Marttila** has a passion for baking. Marttila especially loves sourdough bread. This is as clear as can be from the impressive list of recipes she has developed. A real standout is the Purmon limppu long loaf (Purmolimpa in Swedish), which won a medal at the Finnish Food Craftsmanship Championship in 2023. In addition to the rye sourdough category, it was also the winner in the yeast-raised bread category. However, this was by no means Eva's first taste of success.

Eva's creativity is undeniable, and it is clear that she's not afraid of a challenge. These qualities were sorely needed, as her bakery and confectionery, Mjöli Bakery (Bageri Eken), was founded during the coronavirus pandemic. There has been plenty to do since then, including expanding the company's premises. Participation in further competitions is also on the cards.

The desire to create something of your own

The company manufactures artisan bread and pastries, and the café also sells other products, such as flours and muesli. Mjöli Bakery's range will soon be expanded to include cakes as well. Breads and buns are the priorities, however.

The company specialises in organic pastries, which are made in-house from start to finish. They use mostly locally sourced ingredients, and prepare their products in small batches and without unnecessary additives. Eva also keeps a keen eye on how the ingredients are

used. She doesn't use a proving cabinet or even a convection oven – all the breads and buns are allowed to raise in the traditional way, and are baked in a stone oven.

The idea for the company came to Eva a long time ago. She had spent a decade working elsewhere, baking and developing recipes, before the idea of starting out independently came up.

"I wanted to do something of my own. And when I found the right premises, I knew it was now or never. There were a lot of things already there that I needed."

The best thing about entrepreneurship is being able to try out different ideas.

Courage to pursue your own dream

Eva says she received help at the beginning of her entrepreneurial career from Vaasa Region Enterprise Agency Startia and also from the Vaasa region development company Vaasanseudun Kehitys Oy. The services of the New Enterprise Agency focus on start-up entre-

preneurs and those of the development corporation on the development of an established business.

"They really helped me in the beginning with paperwork, applications and the like. Every new entrepreneur should make the most of such an opportunity. All the advice I got was helpful, but I benefitted most of all from the 'why' questions that were put to me."

Eva was assisted by business services director **Kjell Nydahl** and **Tommi Virkama**, director of the Vaasa Region Enterprise Agency Startia. They say the most meaningful part of Eva's entrepreneurial journey has been how she has had the courage of her convictions.

"She's created a thriving business in a highly competitive sector, even though the company was founded during the the coronavirus pandemic, which was a very challenging time for entrepreneurs in general. The company is growing fast and has already created new jobs in the local economy," Tommi says.

In Eva's view, the best thing about being an entrepreneur is the freedom to experiment with different ideas. She has found it highly motivating to see her company grow, and to be involved right from the start. Perhaps even better than that, though, is the scent of success when perfectly baked goods come out of the oven and fill the air with their delicious aroma.

Eva has two pieces of advice for anyone who's considering starting a business:

"You need to firmly believe in your idea. And you need to keep an open mind about everything."

I had long been thinking about starting my own business, but it was only when I found the right premises for it that I made my mind up. Since then, I have been able to expand these premises.



Me, an entrepreneur?

- Make an appointment with a business advisor.
- Make an initial business plan and test your idea.
- Choose a company name and a suitable form of enterprise.
- Arrange your funding. Look into the best deals from banks and insurance companies.
- Draw up the documents of incorporation.

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?

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!

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 > 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.



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 €15,129 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. Municipal employment services 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, municipal employment services 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 2025 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.

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/EN, WWW.KELA.FI/WEB/EN > Our services > Unemployment, WWW.TYOMARKKINATORI.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.

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 municipal employment services..

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

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



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 > 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 2025, 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 municipal employment services 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 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, municipal employment services 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

Preconditions for receiving a start-up grant

- 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 municipal employment services considers the granting of the start-up grant appropriate.



Entrepreneur

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

Join → yrittajakassa.fi

Income protection
for entrepreneurs


entrepreneur
fund

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
- your entrepreneurial activities continue for a minimum of four months
- your estimated income is more than €9,208.43 per year (2025).

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 en-

trepreneur'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 2025***

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% ³⁾ ****		Benefits ¹⁾				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 ²⁾
€9 208.43	€2,219	€185	€1,731	€144	€21.48*	€31.99	€37.21**	€767	€11.51
€12,000	€2,892	€241	€2,256	€188	€28.00*	€31.99	€37.21**	€1,000	€15.00
€15,128	€3,546	€304	€2,843	€236	€34.54	€34.54	€46.85	€1,260	€18.90
€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	€64.07	€2,083	€31.25
€30,000	€7,230	€603	€5,639	€470	€66.77	€70.00	€72.79	€2,500	€37.50
€40,000	€9,640	€803	€7,519	€627	€71.78	€91.48	€92.23	€3,333	€50.00
€50,000	€12,050	€1,004	€9,399	€783	€76.76	€104.81	€98.87	€4,167	€62.50
€80,000	€19,280	€1,607	€15,038	€1,253	€91.76	€134.37	€123.59	€6,667	€100.00
€100,000	€24,100	€2,008	€18,798	€1,567	€101.76	€151.04	€139.09	€8,333	€125.00
€125,000	€30,125	€2,510	€23,498	€1,958	€114.27	€171.87	€158.47	€10,417	€156.25
€209,125	€50,399	€4,200	€39,311	€3,276	€156.33	€251.66	€231.50	€17,427	€261.40

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 €31.99/day.

** An unemployed person is entitled to receive earnings-related unemployment allowance only when their earned income exceeds € 15,128. Note! Earnings-related unemployment allowance requires that the employment condition and the unemployment fund membership condition are met. The table shows the amount of the benefit at the start of the daily allowance period.

*** 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 stress at bay

Stressful moments and busy periods are part of the job, but constant stress should not be. To run a profitable and sustainable business, entrepreneurs must take care of their own wellbeing.



The freedom to decide what to do and when to do it is one of the greatest benefits of entrepreneurship. In addition to autonomy, however, running one's own business is also characterised by financial responsibility, job insecurity, continuously being in a hurry and tied to one's work. All these pressures must be taken into account when running a business.

Stress can lead you astray

Fatigue, concentration problems and distractibility can be signs of stress. When a person is stressed, they tend to be very worried about being able to cope at work. Restlessness leads to multi-tasking, which in turn makes it even harder to cope and work well. Being constantly stressed and in a hurry often leads to the mistakes of skipping breaks and working overtime. In other words, they're pressing the accelerator even though the fuel tank is empty.

To break the cycle of prolonged stress, the person needs to make real changes to reduce their workload and help them cope better. The first step is to take a look at how you and the way you think. Is there a genuine reason for worry and stress? Only once the stressor has been identified is it possible to do something about it.

Helping yourself to thrive

There are many things you can do to help you cope better. Keep an eye on your work capacity and regularly assess whether it's up to the demands of your business. Think about what's particularly rewarding about your job, and how you could add more of this to your daily routine.

Systematic and goal-oriented work planning also helps to reduce stress. Plan how to maintain your skills and prepare for the future. Monitor and regulate the amount of work and the length of your working days. Sometimes you need to take time to recover thoroughly from stress and rush.

Good, sustainable entrepreneurship is built on health and fitness: get enough sleep, eat healthily and exercise regularly. Maintain a sense of control over your work by ensuring you can develop your skills. Taking time off is important for recovering from stress and coping at work. Stick to the holidays and days off you have planned.

In the busiest periods, focus on one thing at a time and make use of the time you take regular breaks. List your most important tasks by day and week, and then focus on doing them only. Forget everything that's not essential.

If you're having a hard time coping, be proactive and ask for help. No one can do more than just one person is capable of doing, and this includes entrepreneurs. So always keep this mantra in mind: 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
> Our services > Sickness > Occupational health services.

Supported holidays for entrepreneurs

Did you know that as an entrepreneur or an agricultural entrepreneur, you may be eligible to apply for supported holidays? These holidays are available for both entrepreneurs and their families. A holiday can provide you with the energy you need to manage your everyday life.

You can learn more about these holidays on the website of Maaseudun Terveys- ja Lomahuolto at WWW.MTLH.FI > Holiday selection > Holidays for entrepreneurs and agricultural entrepreneurs.

Magical entrepreneurship

Three friends wanted to do things their own way, so they founded a company where competitors and amateurs alike can get guidance and experience the joy of acrobatic gymnastics.

text **JENNY THUNEBERG** photo **MARJAANA MALKAMÄKI**

Lotta Nuppola, Petra Uosukainen and Heini Väättäinen had long experience as club coaches in acrobatic gymnastics, or akro for short in Finnish. As time went on, however, they wanted more and more to go out on their own so that they could do things exactly as they saw best.

“The biggest motivator for entrepreneurship was the fact that our coaching is firmly founded on a gentle, caring approach and listening to the gymnasts. Of course, we want to make a profit, but that’s not the be-all and end-all. The most important thing for us is that our gymnasts are happy. Even if none of our gymnasts would ever win a competition, we wouldn’t care. For us, other things are much more important,” Lotta points out.

Akron Taika – the name stands for “the magic of acrobatics” – provides acrobatic gymnastics coaching at both amateur and competitive level. The focus is on children and young people, but there are many adult enthusiasts as well. The company has its own training centre in Pirkkala, called Taika Arena, where a new trampoline hall has recently been completed as an extension to the premises.

Love for the sport

At the heart of everything, Lotta says, is love for the sport.

“Our hearts are completely in this. That’s our strength. We’re not doing it for money or for the good of the business otherwise, but for the gymnasts. Other important assets are our long experience and the fact that our own particular strong points complement each other,” she says.

Of course, we want to make a profit, but that’s not the be-all and end-all.

Business consultant **Juha Tanner** from Ensimetri echoes Lotta’s view. He notes that the founders have managed to build a unique community around Akron Taika, helping it to bring a touch of magic to everyday life.

“I was impressed by their responsible approach to coaching, but above all by the experience that the entrepreneurial trio has created. It’s always great to see people with deep knowledge that they can commercialise. This is a perfectly complementary trio – the business advi-

sory process for them was like a textbook exercise in how things should be done.”

Asking for help pays off

According to Lotta, the main thing entrepreneurs were looking for from the New Enterprise Agency was reassurance and confirmation of their plans – are we really doing this, do we really have the skills we need and will it really work? After joint discussions, the idea was given the all clear as a viable proposition.

“If I had known how well it would all go, and how great it would turn out to be, I would have done this a decade earlier. But back then, of course, we wouldn’t have had the knowledge, experience and vision that we have now. Everything I’ve learned and experienced elsewhere before has helped me on my entrepreneurial path,” Lotta says.

She emphasises that anyone thinking about entrepreneurship or who is already an entrepreneur should not be afraid to ask for help and advice, and to seek advice on specific matters from someone who has the most expertise in that particular area.

“There’s no point in reinventing the wheel where someone else has better experience. “We too have asked experienced entrepreneurs for help and advice on certain things, but for other things we’ve asked gymnasts, among others.”

Thanks to its fabulous new facilities, Akron Taika is now one of the best acrobatic gymnastics training facilities in Finland.



Start with careful planning

- All advance planning pays off.
- You don't have to do everything alone. Do you know people you could work with whose skills would complement your own?
- If there is an issue you need help with, always ask someone with expertise on the matter.

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.

Become an entrepreneur in an existing business

Taking over an existing business through an acquisition or a generational change is a quick and relatively risk-free way to enter the world of entrepreneurship. Instead of starting from the ground up, you have the opportunity to continue a fully functioning business. A going concern often has established customer and supplier relationships, operational processes and a recognised

market position. This allows you to immediately focus on developing and growing your business with your own input.

Key benefits and issues to consider:

- **Existing customer relationships and cash flow:** After the acquisition, you'll have a proven and existing business model that generates a cash flow. The transfer of customers depends on many factors, including the sector the company operates in, the way it trades and the success of the business transfer. These factors can facilitate business development and create stability right from the start.
- **Skilled staff:** A functioning company brings with it an experienced team that knows the business inside out and can help you through the transition and beyond. This can save time and resources that would otherwise have to be used on recruitment and training.
- **A well-known brand and market position:** A well-run business is likely to already have a strong brand and reputation. This gives you a head start compared to starting a new business, where building a brand would require both time and resources.
- **Less uncertainty:** Since you're buying a business that is already proven to be profitable, you can assess its chances of success and risks more accurately. There is less uncertainty and unpredictable costs associated with starting a new business.
- **Access to financing:** Banks and other financial institutions are often more willing to finance a takeover than a startup, because the existing company has a concrete business history, making it less risky for the financier.
- **Growth potential:** Buying a business also offers opportunities for growth. You can develop and expand according to your own ideas and visions, building on what you already have.

What to consider before a takeover

- **The background and financial situation of the company:** It is important to carefully examine the company's financial records, contracts and liabilities. Consult experts to help you make sure you know exactly what you're buying.

- **The value of the business and price negotiations:** A professional valuation is a key part of the acquisition. The price of the business must be determined realistically, and depends on the company's current economic situation, its prospects and general trends in the industry.
- **Contracts and legal matters:** Make sure that all your business contracts (such as supply contracts and contracts with customers) are in order and that you have the necessary rights to continue your business.
- **The managed transition phase of a change of ownership:** It's important to plan the change of ownership carefully. Where possible, the involvement of the original owner during the transition can help ensure a smooth continuation and minimise risks.

Where can you find businesses for sale? There are a variety of online business trading platforms in Finland, such as Firmakauppa. Commercial business brokers have their own websites, as do some regional low-threshold business transfer specialists. Note that many companies are not publicly traded, so you should contact brokers or experts in changes of ownership experts for information. You can also contact the owner of the company you are interested in directly about your willingness to buy. Before making the final purchase decision, however, make sure to consult the necessary experts.

With an acquisition, you can get a quick start as an entrepreneur and avoid the risks and difficulties of starting a new business. By continuing an existing business, you'll have access to ready-made resources and an established market position, giving you an excellent platform for success.

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.

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.

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?

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?

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?

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.



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We can offer you all the banking and insurance services your company needs. We will process your application within about a week.

- ✓ We offer our new corporate customers a comprehensive and convenient Corporate Services Starter Package, including an account, bank statement, OP Business Debit card, e-invoice address and digital corporate services.
- ✓ As your company grows and develops, you can get support from our diverse corporate financing and investment services.
- ✓ You can get entrepreneurial advice and guidance from our Financial coaching for entrepreneurs.
- ✓ Our specialists also help entrepreneurs manage daily risks through our insurance services.

op.fi/corporate-customers/become-our-customer

The services are provided by OP cooperative banks.



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 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)		€
Investments	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
Working capital 1–6 months Once the business is established, it will take some time before the sales revenue will cover your costs and salary. You should estimate the length of this period.	Websites, brochures, booking systems	1,000
	Facility rental/rent deposit	1,400
	Equipment rental/leasing	
	Entrepreneur's own salary	4,000
	Employee salaries	
Current and liquid assets	Other working capital expenditure	
	Initial inventory	500
	Cash reserve	1,000
Total exp. requirement		14,000

INSTRUCTION: Enter the registration/establishment fee (the price varies between €70 and €370 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)		€
Equity	Property given as a capital contribution	500
	Personal cash investments	3,500
	Share capital (only applies to limited companies)	
Loan capital	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)	
Total sources of funding		14,000

Profitability calculation (12 months)

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

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

Fixed operating costs (excluding VAT) ³⁾	Per Month	Per Year (12 months)
Pension insurance for the self-employed (YEL) ⁴⁾	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 = Total fixed costs	1,703	20,436

	Per Month	Per Year (12 months)
A+B Sales margin required	4,270	51,240
Purchases	575	6,900
= Turnover	4,845	58,140
+ VAT (25.5% used in this formula) ⁵⁾	1,235	14,823
= Total sales/invoicing	6,080	72,963

	Excl. VAT	Incl. VAT
Invoiced sales target	58,140	72,963
Monthly invoiced sales target (e.g. 11 months/year) ⁶⁾	5,285	6,633
Daily invoicing target (e.g. 20 days/month)	264	331
Hourly invoicing target (e.g. 8 h/day)	29	36.5

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.

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 > 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 25.5%. (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
Income	+ 5%	+ 5%
Expenses	+ 5%	+ 5%

Euros	Year 1	Year 2	Year 3
Sales revenue	72,963	76,611	80,441
VAT	18,606	19,536	20,512
Operating income/loss	54,357	57,075	59,929
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
Operating profit	26,121	27,697	29,285
Financing costs	324	230	137
Profit before taxes	25,797	27,467	29,148
Taxes	5,159	5,493	5,830
Profit for the period	20,638	21,974	23,318

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://www.ytj.fi).



File a notification of beneficial owners. Read more at www.prh.fi/beneficial_owners.



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



It is quicker 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	€
Products/ name of product group	Facial care		Pedicure	
	unit price	85.90	unit price	61.71
	- expenses	10.00	- expenses	7.00
	= margin	75.90	= margin	54.71
Customer/ customer group	Unit, hours etc.		Unit, hours etc.	
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
Eyelashes and eyebrows		Sugaring		Body care		
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	
Unit, hours etc.		Unit, hours etc.		Unit, hours etc.		Total
5	133.65	5	101.95	2	141.68	1,400.97
12	320.76	15	305.85	8	566.72	2,714.80
5	133.65		0.00		0.00	567.86
	0.00	2	40.78	2	141.68	683.71
3	80.19	2	40.78	2	141.68	469.16
	668.25		489.36		991.76	5,836.50
25	705.75	24	561.36	14	1,061.76	6,497.00
	-37.50		-72.00		-70.00	-660.50

	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
Sales margin required, i.e., monthly invoicing target from the profitability calculation	€5,285.00	€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

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.



Example of pricing	Competitor's price	20% cheaper price
Sales price	€55.00	€44.00
- 25.5% VAT	€-14.03	€-11.22
Price excluding VAT	€40.97	€32.78
- Purchase price (0% VAT)	€-28.00	€-28.00
Margin	€12.97	€4.78
Example of calculating the sales price		
Total costs of the product	€150.00	
+ Target sales margin (35 %)	€80.77	
= Sales price excluding VAT	€230.77	
+ VAT 25.5%	€58.85	
= Sales price including VAT	€289.62	

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.

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 > 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 > Yritysiasiakas > Rahoitus (in Finnish) »

» and 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 > 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 > Yrittäjälle (in Finnish), WWW.MMM.FI > Areas of expertise > Rural areas > Rural entrepreneurship and WWW.RUOKA-VIRASTO.FI > Tuet > Maaseudun yrittäjyys (in Finnish).

More information on EU rural development funding:

WWW.MAASEUTU.FI > Kehittäjälle (in Finnish) and 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.RUOKA-VIRASTO.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.

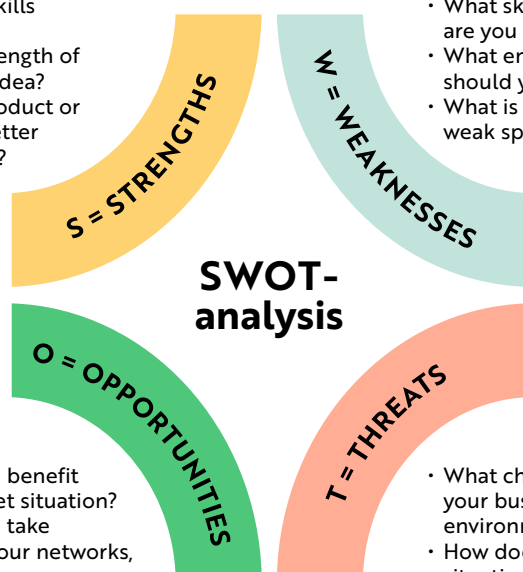
Do not place any orders or enter into agreements over the phone, unless you are absolutely sure of what you are ordering and how much it costs. If you receive an invoice for a service you do not think you ordered and the call was recorded, you can demand access to the recording. If you have refused to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



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 > Information and services > For companies or organisations > Permits and obligations. A comprehensive list is also available at WWW.UUSYRITYSKESKUS.FI > Setting up a business > Industries under authorisation.

Social and health services sector

Valvira, the National Supervisory Au-

thority for Welfare and Health (WWW.VALVIRA.FI) under the Ministry of Social Affairs and Health grants trained social and healthcare professionals the right to practice their profession in Finland upon application. If you are self-employed as a healthcare professional, you must also submit an application to the Soteri service provider register. An application is also required to provide social services. A separate approved decision must be obtained for a Soteri application before social or health care business operations can be started.

You can handle your health and social services authorisation matters electronically through the Soteri service. This service is intended for service providers registered with both Valvira and the Regional State Administrative Agencies.

More information: WWW.VALVIRA.FI/EN/FRONTPAGE > Healthcare and social welfare > Service provider register soteri

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.RUOKAVIRAS-TO.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 (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 > 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. To perform live music, you can receive permission from Teosto: 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. 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. 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 > 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 > Producer responsibility and on Finnish Packaging Recycling RINKI Ltd's website at 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 > 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 > 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 > 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 > 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 non-EU national and plan to become an entrepreneur in Finland, you need to apply for an entrepreneur or startup entrepreneur residence permit from the Finnish Immigration Service before you arrive in Finland. 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 > 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 > 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 > 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.

Investing all your energy into your concept

The Oulu-based company's success is rooted in a passion for learning and continuous improvement. However, doing everything for oneself isn't always the best choice for an entrepreneur.

text **JENNY THUNEBERG** photo **HENRI LUOMA**

Ari Putaala grew up in an entrepreneurial family, so it's no wonder that growing up, he always wanted to take the same route. He launched his company, Lattiapalvelu Royal flooring service, in 2021, after his wife **Minna Putaala** said that the time was right. The company provides customers in northern Finland with comprehensive installation of floor coatings, also selling flooring materials and related special products. Putaala's clientele consists mainly of companies, main contractors and real estate companies, but also includes households.

Individualised service is the company's bread and butter. Focusing on a clearly defined sector ensures that quality is exactly what it should be and that schedules are always met. The company's customer relationships are long-term, which is guaranteed by scrupulous attention to details like reliable deliveries and first-class workmanship.

Becoming a better entrepreneur

The husband and wife team have run the business together since the beginning, with Ari as managing director and Minna in the background. Minna also has her own business as a psychotherapist.

Although he already knew a lot due to his family background and the experience that came with it, Ari also chose to contact to be the local New Enterprise

Agency before starting a business. Ari says the advice he received on his business plan and other matters at the outset was very helpful.

Business advisor **Jarmo Siipola** from the Oulu region New Enterprise Agency says that the business advisory process was also very smooth from his point of view:

Concentrating on a clearly defined sector ensures excellent quality.

"Ari genuinely wanted to become an even better entrepreneur and to understand the bigger picture in terms of what's involved. He had great attention to detail with everything, and always kept to schedule. He also asked incisive questions about anything that was on his mind and things that were unclear to him."

Jarmo is especially impressed with how Ari and Minna have focused on their self-development with Lattiapalvelu Royal. Even at the consultation stage, Ari wanted to know everything about how the business should best be grown. And it has grown every year, despite

tough times in the construction sector in particular.

"Ari has a great risk-taking and entrepreneurial mindset, and a strong drive to transform his plans into reality. Minna brings her own much-needed dynamic to the business, and provides an essential balance between it and everyday life."

Focus on your own expertise

When it comes to giving startup advice based on his own experience, Ari is quick to reply: focus on your skills and channel your energy into your business idea.

"It's important to focus on your expertise and to acquiring more knowledge right from the start. Even if outsourcing costs a bit, doing everything yourself isn't the wisest choice. In other words, don't be afraid to outsource whatever is not at the core of your own skills. Put all your energy into your business idea. Even if you have some understanding of accounting, it's likely to play only a marginal role in your business and take up unnecessary energy. Hand it over to someone who can do it faster and better."

Ari also highlights the importance of competitive tendering:

"This is a sensible approach to take before starting your business for all insurance and banking matters and other services. This frees up time at the beginning for running the business itself."

Born to be an entrepreneur. Ari Putaala has a family business background, and now runs his own company with his wife.



Setting up a business

Before you start, make sure you shop around for the best price-to-quality ratio on everything you need, such as insurance and bank loans. The idea is that once you start your company, these things should be already taken care of, allowing you to focus completely on the business itself.

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.

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

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.

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 processing the application for the establishment of a sole trader's business (trading name) is €70. Check the current price at WWW.PRH.FI/EN. »



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.

» 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 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 »

All forms of enterprise require successful risk management.

» 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

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 > Notifications > Start-up notifications > Limited liability company.

For the guided incorporation of a limited liability company in the YTJ Business Information System of the Finnish Patent And Registration Office And Finnish Tax Administration, the handling fee for option A is €280, and for option B the handling fee is €370. Check the current price at WWW.PRH.FI/EN.

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 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.

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.

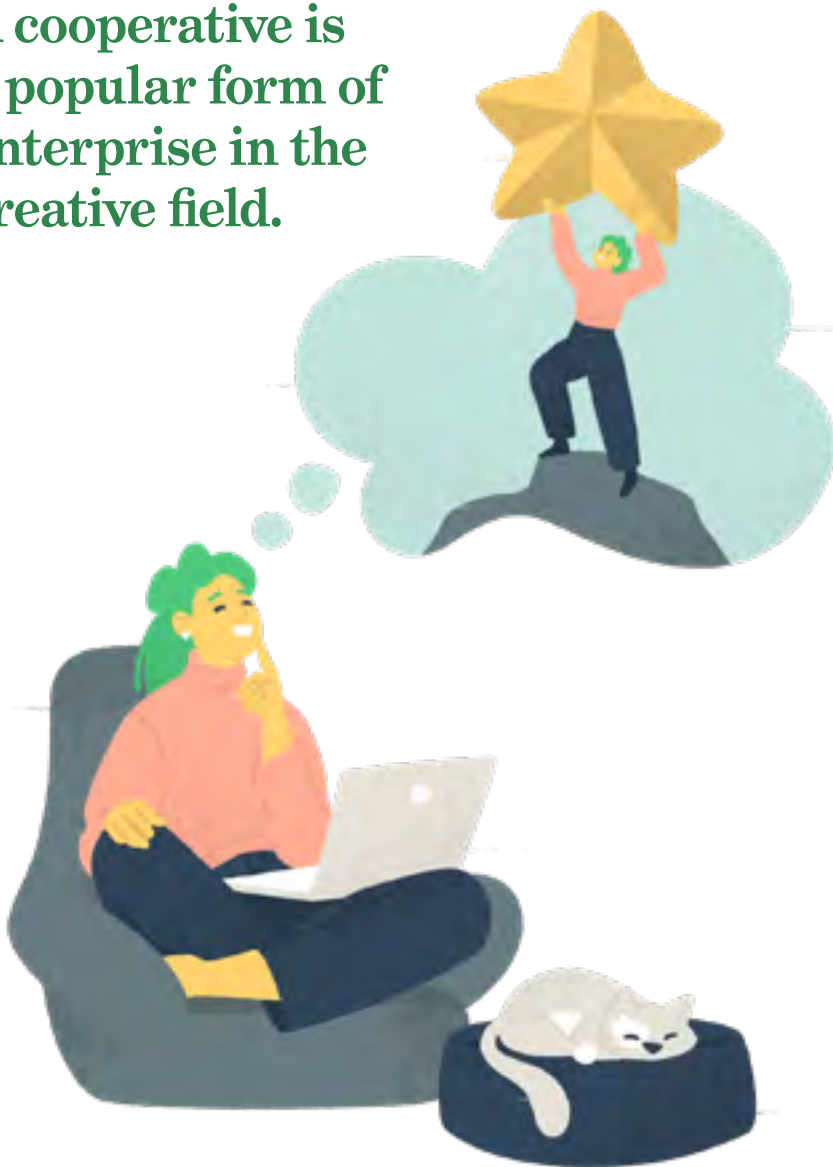
Setting up a cooperative

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. The cooperative must be registered in the Trade Register no later than three months after signing the memo-

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



» randum 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. The processing fee for the declaration of formation of a cooperative is €370. Check the current price at WWW.PRH.FI/EN.

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.

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.

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.

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. The processing fee for the notification of the formation of a general partnership and a limited partnership is €280. Check the current price at WWW.PRH.FI/EN.

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

	Sole entrepreneur	Limited company	Cooperative	General partnership	Limited partnership
Benefits	<ul style="list-style-type: none"> • Easy to set up • Straightforward administration • Simple to reward yourself with a share of the company's income • Easiest form of company to put on the shelf if one's life situation changes 	<ul style="list-style-type: none"> • In principle, no personal risk: the shareholder is only liable for debts with the capital invested • Enables tax planning 	<ul style="list-style-type: none"> • Members only liable for commitments with the amount of their contribution • Doing things together can allow share costs and risks • Communal spirit • Equality and democracy in decision-making 	<ul style="list-style-type: none"> • Easy to set up • Straightforward administration 	<ul style="list-style-type: none"> • Easy to set up • Straightforward administration
Challenges	<ul style="list-style-type: none"> • Personal risk: the entrepreneur themselves is responsible for their debts and other liabilities 	<ul style="list-style-type: none"> • Requires management (which can be outsourced) • Difficult to quit 	<ul style="list-style-type: none"> • Individual members may sometimes show poor commitment to the common interest • Founding members may not understand that the cooperative has no money and that the founders are required to provide collateral for loans • Responsibilities and obligations may become blurred or confused 	<ul style="list-style-type: none"> • Requires precise agreement, understanding and trust 	<ul style="list-style-type: none"> • Requires precise agreement, understanding and trust
Who it's suitable for	<ul style="list-style-type: none"> • For a sole entrepreneur who does not have large investments • Small-scale business 	<ul style="list-style-type: none"> • Several founders • Growth-oriented business • Operations require investment or funding 	<ul style="list-style-type: none"> • For several people doing the same or similar work who can benefit from common company functions • When membership is liable to change • For people who want to be part of a community 	<ul style="list-style-type: none"> • For entrepreneurs who cannot work under a trading name • For family businesses 	<ul style="list-style-type: none"> • For entrepreneurs who cannot work under a trading name • For family businesses • For a sole entrepreneur with a private financier
Minimum number of founders	<ul style="list-style-type: none"> • The entrepreneur alone • A spouse can also be involved in the business 	<ul style="list-style-type: none"> • One 	<ul style="list-style-type: none"> • One • Membership may vary 	<ul style="list-style-type: none"> • Two 	<ul style="list-style-type: none"> • Two, one of whom is a general partner and the other a silent partner
Minimum capital	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • A limited company can be established without share capital 	<ul style="list-style-type: none"> • None • Variable capital 	<ul style="list-style-type: none"> • No financial contribution; labour is enough 	<ul style="list-style-type: none"> • A contribution in cash or in kind is required from the silent partner
Highest decision-making body	<ul style="list-style-type: none"> • The entrepreneur themselves 	<ul style="list-style-type: none"> • Shareholders at the company's annual general meeting • Annual general meeting to be held within six months after the end of the financial year 	<ul style="list-style-type: none"> • Members at the cooperative meeting • Annual general meeting to be held within six months after the end of the financial year 	<ul style="list-style-type: none"> • Shareholders jointly or as agreed in the memorandum and articles of association 	<ul style="list-style-type: none"> • The general partners jointly or as agreed in the articles of association
Statutory bodies	<ul style="list-style-type: none"> • The entrepreneur themselves 	<ul style="list-style-type: none"> • Board of directors with at least one full member and one alternate member 	<ul style="list-style-type: none"> • * Board of directors with at least one full member and one alternate member 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
Responsibility for company commitments	<ul style="list-style-type: none"> • The entrepreneur themselves 	<ul style="list-style-type: none"> • Shareholders by the amount of their invested capital, unless they have provided guarantees to secure the loans 	<ul style="list-style-type: none"> • Members by the amount of their invested capital (usually the contribution), unless they have provided guarantees to secure loans 	<ul style="list-style-type: none"> • Partners (including for commitments made by each other) 	<ul style="list-style-type: none"> • General partners (also for commitments made by each other) • The silent partner is only liable for the amount of the contribution

Light entrepreneurship – an easy and flexible way to get started in business

Light entrepreneurship has become increasingly popular in Finland; in 2023, there were more than 70,000 entrepreneurs of this kind (source: Statistics Finland). It is a flexible and risk-free way of going into business without the administrative obligations of running a business in the conventional way.

What is light entrepreneurship?

A light entrepreneur is a person who invoices their customers through an invoicing service without having their own business ID. This helps them avoid the bureaucracy that is normally involved in entrepreneurship. Light entrepreneurship is suitable for both occasional work and full-time business.

The benefits of light entrepreneurship

Flexibility and freedom: As a light entrepreneur, you can decide on your own work schedules and customers. This gives you the freedom to work on your own terms.

A risk-free start: Light entrepreneurship is a great way to test your business idea with a low risk before starting your own business.

No administrative obligations: The invoicing service takes care of your tax, insurance and other legal obligations, so you can focus on your work.

How light entrepreneurship works

A light entrepreneur finds their own customers and invoices them through an invoicing service. The invoicing service handles invoicing, withholding taxes and pays the salary to the light entrepreneur. There are several invoicing services operating in Finland. A light entrepreneur should make sure the one they use will take care of all legal obligations and offer advice if needed. The member companies of the New Work Association are committed to abide by the association's code of ethics.

Your responsibilities as a light entrepreneur

As a light entrepreneur, you are responsible for your own pension contributions, holidays and occupational health care. For this reason, you should

take account of these and any other business expenses in your pricing. If your invoicing exceeds the contribution limit for pension insurance under the Self-Employed Person's Pensions Act (this form of insurance is known as YEL insurance), you will be obligated to take out YEL insurance. In other words, you will have to pay self-employed pension contributions.

Light entrepreneurship: the first step to entrepreneurship?

Light entrepreneurship is a great way to start a business venture with little risk. If you find customers and your business grows, you can easily become a business owner with a business ID number of your own.





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



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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
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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

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.

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: [NIMI-PALVELU.PRH.FI/NIPA/EN](https://nimi-palvelu.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

Applying for a trademark should be done carefully.

website: [WWW.TRAFICOM.FI/EN](https://www.trafficom.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, »

Managing a company's intangible assets in a nutshell

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

» 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 > About us > Information and services > IPR Information for SMEs > Service Manual for Intellectual Property.

Trademark for a product or a service

A business name alone is not enough to protect your brand. Your products and services will stand out from the competition with a memorable name, logo or other emblem. The best way to protect your IDs is with a trademark. In this case, no other company can use the same mark for the same good or service. Note that the exclusive right and scope of protection that a trademark gives you is limited to the goods and services listed in the application. For this reason, it is advisable to plan the categories of goods or services carefully before applying for a trademark.

SUOJAATAVARAMERKKI.FI,
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 > Patents, 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 > Designs.

Ideas can be easily copied if they are not protected.



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.



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.

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.



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 also need to find out whether the nature of your business makes it necessary to take out cover that goes beyond basic insurance, such as product liability insurance, consultants' liability insurance or property liability insurance. If you work in the care sector, patient insurance is also compulsory. Make sure that the insurance comes into effect immediately once you start your business operations. »

Pay attention to the size of insurances' deductible amounts.

» 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.

Self-employed persons' accident insurance is based on YEL income and has no compensation cap. YEL income is based on pension insurance under the Self-Employed Person's Pensions Act (this form of insurance is known as YEL insurance).

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. You can provide economic protection for your family in the event of your death by taking out a life insurance policy. 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

All companies nowadays depend on information systems. 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

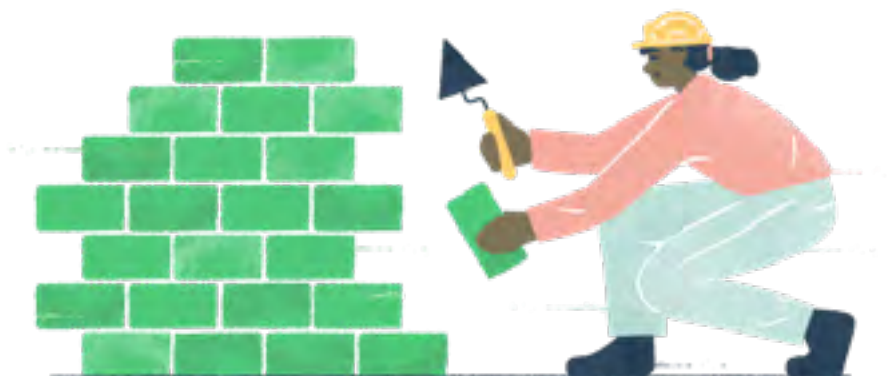
Motor vehicles must be insured with a statutory motor liability insurance which can be complemented with vehicle-specific voluntary motor vehicle insurances.

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.

Voluntary pension insurance

Entrepreneurs can supplement their statutory pension with voluntary pension insurance. With this service, you can choose how your premiums are invested, and influence the amount of pension you receive. The insurance includes life insurance, so it also provides cover for your family in the event of your death. Pension insurance can also serve to increase employee loyalty, as it can be used to reward staff members in a tax-efficient way.



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 > 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), 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 > 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, you must identify whether you are a manufacturer, importer or retailer of

Safety is about constant supervision and maintenance.

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, maintenance and decommission of the product. The user instructions must be in Finnish and in Swedish »



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

- » 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 a 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 > 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).

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 > 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.

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).

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.





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Much more than a bank

A flying start to entrepreneurship

Lämpökulma's exceptional growth is due to keeping its customers satisfied, smart financial management and service development.

text **JENNY THUNEBCRG** photo **PIHLA LIUKKONEN**

Timo Telkkä, Marko Laukkanen and Matias Kettunen are aiming for a leading position in the heat pump market. And they are well placed to do so, as Lämpökulma has shown stellar growth every year since it was founded, despite the difficulties that the market has thrown its way. For example, in 2023, the Finnish heat pump market contracted by around 40%, but the company managed to increase its sales by around 16% and expand its operations by hiring more staff in its two offices.

But more about that later. First, let us explore where it all began. Timo's two sons were training in the heating, plumbing and ventilation sector, but Timo himself had no experience in the field. By his own account, he didn't even know what an air-source heat pump was. So, when Marko asked him to start a company in the sector with him and Timo said yes, he says his answer took himself by surprise.

"The question came at just the right time, and I didn't hesitate for a second. A few days later we went to the New Enterprise Agency to talk to Heli. The Lämpökulma store was opened just six weeks later, Timo says.

Heli Tavasti is managing director of the Mikkeli Region New Enterprise Agency for new businesses. Tavasti says that the division of responsibility between the entrepreneurs in Lämpökulma caught her attention.

"The entrepreneurs were and still are self-starters. They are very willing to take care of things themselves. Their team worked well, as the roles and division of labour were clear and complemented each other – one has sales expertise and the others have industry expertise. I saw this as a winning combo," Heli says.

The new entrepreneurs wished that the New Enterprise Agency would con-

You can't control what others do, but you can control what you do.

firm their own calculations and ensure them that there was room for such a business in the market. After the first meeting, everything moved quickly. Lämpökulma currently provides high-quality heat pump sales, installation and maintenance services in the South Savo and Päijät-Häme regions. Their range also includes geothermal heating equipment and installations. The company helps customers reduce their heating costs and improve their living comfort with environmentally friendly solutions.

Growth without borrowed money

The company has grown at a remarkable pace, even though the global situation is unstable and has affected Lämpökulma's sector as well. How is it possible for the market to dive, but a single business to soar? Timo is happy to share his insights with budding entrepreneurs:

"Patient growth is the secret to our success. For example, we haven't tried to expand our operations with third-party funds. And I've always stressed that although you can't influence external factors, you do have control over our own actions. The way I look at it, you have to be on top of the situation all the time and be aware of your own finances: how much sales you have, and how many invoices you have to pay. If you're in the dark about these things, you're going to end up having a lot of sleepless nights when things get tough."

In addition to smart financial management, the Lämpökulma entrepreneurs have placed a high value on customer satisfaction and service development from the start.

"We monitor customer satisfaction closely, and all our staff are fully committed to quality and an excellent customer experience. We always send a feedback questionnaire to every customer after the job has been completed. And one way or the other, we always learn from it."

Despite the challenging economic landscape, Lämpökulma has been able to become a real success story and demonstrate exceptional growth.



In the daily life of a company:

- Get a good accountant and monitor your key figures regularly.
- Protect your products, services and inventions.
- Remember to take out adequate insurance cover.
- Measure your performance, through customer satisfaction surveys or other means. Pay heed to the feedback you receive.

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 era-

se 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.YK-LIITTO.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) elect-

ricity, 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, WWW.RINKIIN.FI/EN > For companies, WWW.KIERRATYS.INFO and 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

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.

Cybersecurity for businesses

Well-planned cybersecurity measures can be a key success factor for your business. In the worst case, a cyberattack could put an end to your business. That's why it's important to know how to protect yourself against the most common cyber threats and ensure long-term data security. Fortunately, the basics of cybersecurity are fairly straightforward, and require only small steps.

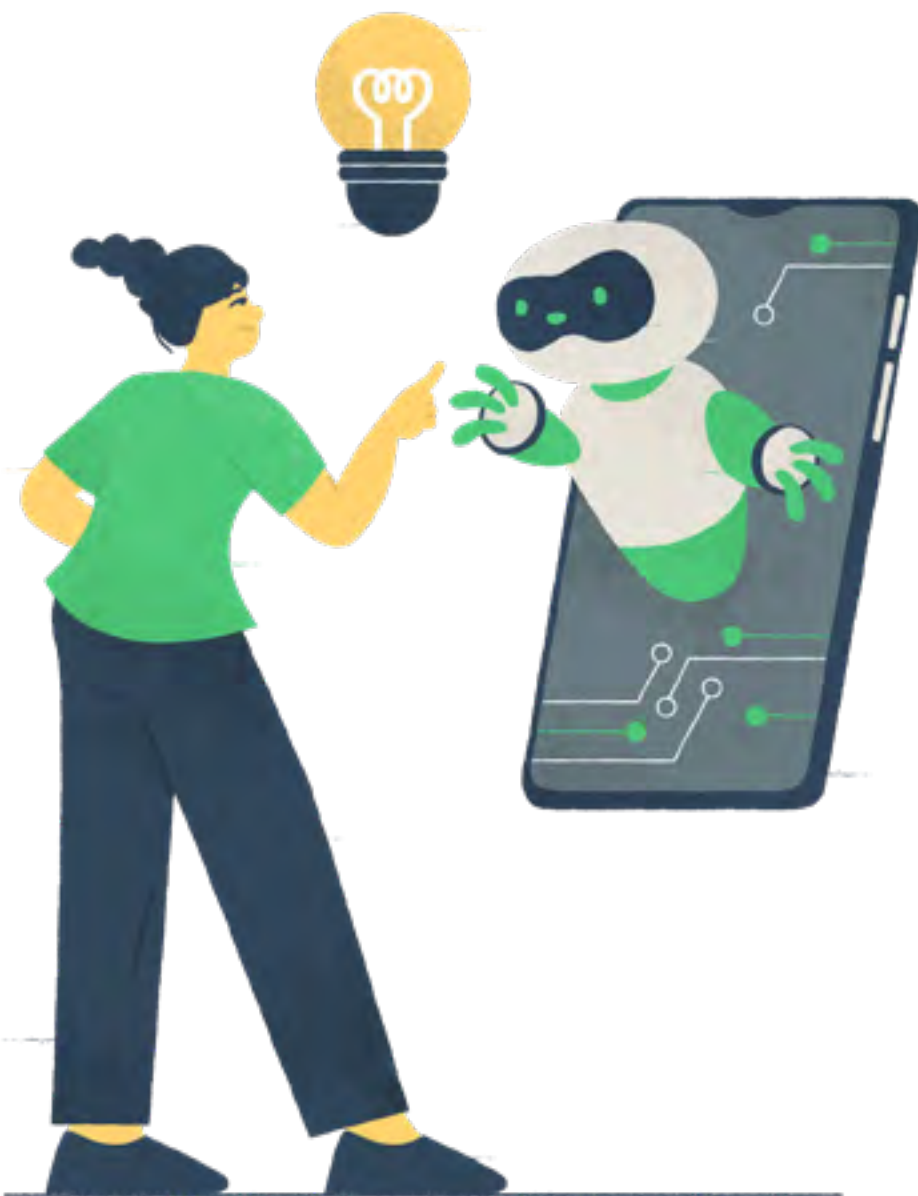
Businesses are increasingly dependent on digital services and systems. Effective cybersecurity measures will protect your ability to stay in business and help you to get the most out of the opportunities offered by online services and digital systems.

Data security must be built into all the company's activities. It is also an important part of corporate social responsibility. Ensuring data security is a responsibility for your company, its employees, customers and ultimately also for the cybersecurity of Finnish society at large.

In addition to financial losses, poor data security can cause reputational damage. At worst, a cyberattack can end your business entirely.

In the normal course of business, employees can use the office software and data systems that they need to send email and the like without any problems. However, the situation quickly turns serious when a company is the target of a cyberattack. Have user IDs and passwords for information systems ended up in the wrong hands? What should you do if a company computer is infected with ransomware that locks the user out of the computer, preventing it from being used? What if data has not been backed up, making restoration of lost data impossible?

Fortunately, cybersecurity doesn't have to be difficult. By taking small steps, you can make your operations »



» safer by avoiding the most common threats. In addition to taking care of your cybersecurity, your actions will also have a positive impact on the cybersecurity of your customers and stakeholders.

Follow at least the following instructions to ensure basic-level cybersecurity:

- Keep your equipment, systems and software up to date
- Use sufficiently long passwords or phrases and multi-step authentication for services.
- Restrict users' rights as needed
- Always make and keep backups
- If you are the victim of a cyberattack or an attempted cyberattack, report it to the National Cyber Security Centre.

It is also essential to know your own data systems, and it's equally important that all staff are aware of the company's data security policies.

Guides

The National Cyber Security Centre of the Finnish Transport and Communications Agency Traficom has compiled a series of guides and other useful information on its website. One of these is a cybersecurity guide for small businesses (in Finnish only; WWW.KYBERTURVALLISUUSKESKUS.FI/sites/default/files/media/publication/Pienyrittysten_kyberturvallisuusopas_9_2020.pdf).

The guide provides valuable additional information on cybersecurity and how to protect your company from cyber threats. It covers topics such as phishing, malware, updates and access control. We also recommend that you consult other guides and services provided by the National Cyber Security Centre. For more information, see WWW.KYBERTURVALLISUUSKESKUS.FI

A knowledge community for cybersecurity research, development and innovation

The National Cyber Security Centre's National Coordination Centre brings together cybersecurity stakeholders in a cybersecurity research, development and innovation knowledge community. Finland's National Coordination Centre provides the community with services such as information on national and EU funding for cybersecurity, support

Keep up to date with cybersecurity developments!

in applying for EU funding and finding partners, up-to-date information on developments in the EU and national cybersecurity sector, support and channels for EU lobbying, and networking with cybersecurity professionals from different sectors of society at national and EU level. For more information, see the website of the National Coordination Centre for Cyber Security Research, Development and Innovation: WWW.KANSALLINENKOORDINOINTIKESKUS.FI.

Cyber training

Much like other threats, cyberattacks do not announce their arrival in advance. That's why it's important to practice cybersecurity incidents before problems arise. The National Cyber Security Centre website contains cyber training support materials suitable for all businesses, including a training guide, a planning tool and a scenario bank.

WWW.KYBERTURVALLISUUSKESKUS.FI/en/our-services/situation-awareness-and-network-management/exercises

When trouble strikes

If your business is hit by a cyberattack, you need to report it to the National Cyber Security Centre immediately. The National Cyber Security Centre can provide advice on how to understand what's happened, prevent further damage and recover from the attack.

You can contact the centre by the following methods:

- Report a data security breach using the form WWW.KYBERTURVALLISUUSKESKUS.FI/en/report
- By email to cert@traficom.fi
- By phone on +358 29 534 5630 (tel/email) (local network rate/mobile rate) weekdays 9 am to 3 pm)



Have you checked out the weekly reports from the National Cyber Security Centre and the centre's monthly Cyber Weather reports? Both provide important and up-to-date information on what's happening in the field of cybersecurity, including vulnerabilities and current scams.

Read more: WWW.KYBERTURVALLISUUSKESKUS.FI

Prioritise consumer protection and reduce risks to safeguard your business

Prioritising consumer protection can improve the customer experience, increase customer loyalty and reduce the risk of legal problems and reputational damage. Knowing the rights and obligations of the parties to a transaction also saves you time and money, for instance when dealing with complaints.

If your customers are consumers – that is, individuals who buy goods or services for private use – consumer protection legislation is something you need to be aware of.

The Consumer Protection Act imposes obligations on businesses that must be taken into account in marketing, contract terms, complaints handling and customer service, among other things.

The Finnish Competition and Consumer Authority (FCCA) offers advisory services for consumers and businesses and monitors consumer interests. The authority's website, the learning platform KKV Kampus and the Consumer Advisory Services provide guidance to businesses on consumer law matters. The Consumer Ombudsman monitors compliance with various legislation that deals with consumer protection.

What you need to know for marketing

According to the Consumer Protection Act, marketing includes all forms of commercial communication aimed at selling goods or services to consumers. Information provided on product packaging, in instructions for use or at the point of sale is also considered a part of marketing.

Marketing must not be carried out in an unfair manner, for instance by misleading the consumer, taking an aggressive approach or by omitting essential information.

Otherwise unethical marketing is also prohibited. Marketing must there-

fore not contain messages that run counter to prevailing societal values. For example, the use or glorification of violence is not acceptable.

Commercial messages must not be hidden in other communications, and hidden advertising is always prohibited. The marketing material must make it clear that it is an advertisement and who the advertiser is. This applies to all marketing efforts, even to the company's social media postings.

Read more on WWW.KKV.FI

What information must be provided when marketing goods and services?

Under the Consumer Protection Act, businesses must provide all the information that consumers need to make a purchase decision before and during the transaction.

The content and scope of the information provided to consumers varies according to the context and the goods or services offered. The obligation to provide such information is usually more limited in the case of advertising related to a company's image than in the case of marketing a specific product.

For example, when offering a product or service at a certain price, clearly specify key features of the product to the extent necessary.

The characteristics of a complex product must be described in more detail than those of a simple product. The total price including tax must be clearly stated.

In addition to the price of the product, the total price must also include delivery costs. If delivery costs are not included in the product price, inform the customer about potential delivery costs or at least state that delivery costs will be added to the product price. Also provide information about payment terms, the delivery process, contractual obligations, and customer service contact details, and any rights to cancel or terminate the agreement.

There are also other information obligations under the Consumer Protection Act and specific legislation on some products. For example, when setting up an online store, companies must pay careful attention to providing pre-trade, post-trade and payment information.

Read more WWW.KKV.FI

What you need to know when drawing up a contract

For the seller and the buyer, a purchase is always a contract that is binding on both parties and that neither can unilaterally change. For example, the seller must deliver the ordered goods or provide the service at the agreed time. The goods or services must also correspond to what was agreed.

As a rule, contracts should be in written form. An exception to this is an oral contract, which may be preferable if the economic value of the transaction is low.

Contract terms set the rules for trading and prevent disputes from arising. For this reason, it is important to include in the contract everything that affects the contractual relationship, such »

» as the price of the commodity, details of delivery and the main characteristics of the commodity.

The traders must give consumers a genuine opportunity to familiarise themselves with the key terms and conditions that affect the purchasing decision, either at the time of marketing or at the latest when the contract is being concluded.

Note that there are specific requirements for online stores and door-to-door selling, among other things. The FCCA website provides more information about these matters.

Read more WWW.KKV.FI

How should the customer be considered after the transaction?

The seller's obligations do not end with the sale. The consumer must be guaranteed the opportunity to exercise their legal rights after the sale also.

Ensure that contact channels are in order, and provide consumers with instructions on how to cancel the service or complain about any form of defect.

Remember that the end of the warranty period does not necessarily mean the end of the company's liability for defects. If there is no guarantee or if the guarantee has expired, the seller is liable for the defect on the basis of the provisions of the Consumer Protection Act on liability for defects.

Note also that consumers must not be charged extra for dealing with an existing customer relationship. In other words, the company cannot offer a price above the basic price, for example to terminate a contract.

The consumer has the right to be given clear information on the cancellation and termination of the contract.

In the case of distance selling and door-to-door selling, consumers have a 14-day right of withdrawal. The seller must provide clear instructions on how to exercise this right.

For sales in shops, businesses may choose to offer an exchange or return policy. The terms of this can be set by the business itself.

Termination of the transaction must be made as convenient as the signing of the contract.

Read more WWW.KKV.FI

Knowledge of consumer protection is essential to business planning, marketing, contracting and customer service.

Information to be provided in online stores

Although it is up to the trader to design the online store and the purchasing process, the relevant legislation includes certain obligations that cannot be ignored.

Below, you will find six key tips for building a successful online business:

1. Information about the company and its practices:

Provide clear information about the company and customer service, right of withdrawal and refund policy, cancellation of contracts, delivery times and delivery, delivery restrictions, liability for defects, as well as any guarantee, payment methods and advance credit information.

2. Product information:

Describe the main characteristics of goods and services. The characteristics of a complex product must be described in more detail than those of a simple product.

3. Right of withdrawal and refund policies:

Provide a user-friendly return process and clearly explain any costs that might be charged for returns. Most products sold online have a 14-day right of withdrawal.

4. Payment options:

Provide at least one commonly used payment method without additional charges. Borrowing or any other payment method involving a payment default must not be offered as the primary payment option.

5. Ordering:

Ensure that consumers receive not only clear information about the purchase and contract terms, but also information about delivery restrictions, payment methods and payment. Before the consumer can accept their order, you must indicate the total final price of the order, including taxes, delivery and other additional charges.

6. Order confirmation:

Provide the consumer with a confirmation of the order

Read more: WWW.KKV.FI



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 »



**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?

» expertise and do work that might even have a higher profit margin.

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.

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.

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.

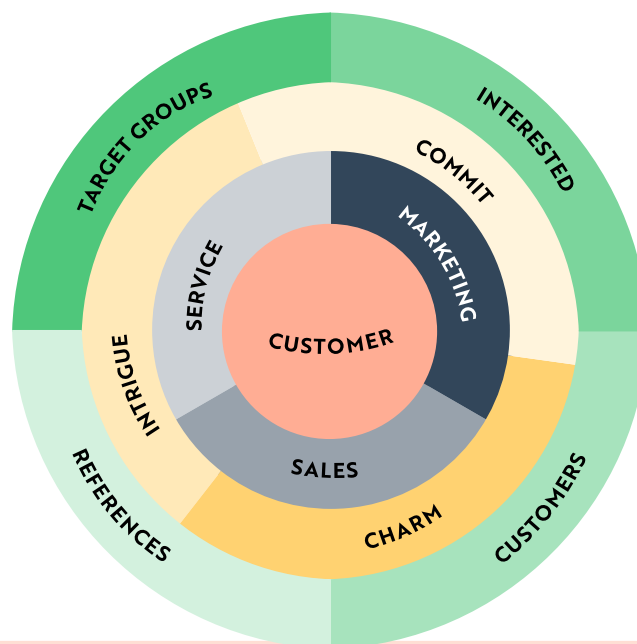
- Help customers via their preferred channels and nudge them towards the decision to buy from you.
- Use communications to set clear expectations about how your service works and what benefits it brings. Then, aspire to exceed these expectations.

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.



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

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 > Doing business > Dealing with customers > Data protection > Data protection under GDPR.

Utilising AI as a new entrepreneur

What is generative AI

Generative artificial intelligence (AI) is a technology that combines the content of the vast knowledge base it has learned in new ways to produce text, images and sound. Unlike conventional AI, generative AI is capable not only of producing analyses and predictions, but can also produce content that looks and sounds almost human. For example, it can be used to plan marketing, generate ideas or develop strategies. Among other things, AI can also provide suggestions for advertising copy or product descriptions. This is a useful option for new entrepreneurs who may not have the time or resources to do all the design work themselves.

Generative AI is suitable for many industries, because it can be scaled to the needs of each business. The technology makes it easier to manage multiple activities independently and at low cost, allowing entrepreneur to focus on business development and growth.

What can AI be used for?

AI is useful in many areas of business, and can help you focus on your core tasks by speeding up or automating routines. AI has clear applications in many areas, such as:

Communications and marketing: AI can help you brainstorm content and target your messages to the right audiences. It can quickly generate suggestions for social updates and newsletters, and analyse which content is of most interest to customers. With AI, you can plan marketing across channels and produce text and image content, saving time and helping you reach your customers more effectively.

Customer service: Chatbots and AI-enabled support services can answer frequently asked questions and help customers find the right products or services on the company website. This speeds up customer service and frees up time for other tasks. AI can also take care of most of the basic customer service matters – human intervention is only required in the most complex cases.

Business analysis and strategy: AI can make data analysis and forecasting quick and easy. Sales reports, financial forecasts or customer satisfaction monitoring can be automated, giving clear reports to support business decisions. AI can also be used to support strategic thinking, helping you to develop business plans, survey market trends and analyse your own and your competitors' strengths and weaknesses.

However, it's important that you use AI to support your own expertise, rather than just relying on the content it creates. Although AI can produce useful drafts and suggestions, humans must always evaluate and verify the content it produces according to their own knowledge and specific business needs. In some cases, you would do well to have your AI output in an unfamiliar area checked by someone with the relevant expertise. This will ensure that AI-generated content complements your own expertise for the best results.

Generative AI is cost-effective and readily available

AI services are now affordable and often cloud-based, meaning they can be accessed from anywhere with an internet connection. For you as a start-up entrepreneur, this can be important, as you may have a limited budget and may not want to commit to expensive software. Many AI services also offer free trials, so you can test what's best for your needs.

There are numerous types of AI-powered software on the market suitable for a variety of uses such as text, image and video production, strategy work, analysis or brainstorming. Different programs have their own particular strengths, so make sure to experiment with several solutions to find one that best fits your needs. For example, OpenAI's ChatGPT and Microsoft's Copilot are popular AI programs for help with tasks like text generation and work efficiency. AI technology is constantly evolving and improving. This will enable you and your business to grow with AI and use new solutions to continue developing. »



Generative artificial intelligence

- Connecting information in new ways and providing ideas and content that save time and resources.
- Easy to use and available in a wide range of applications without major investment.

Examples of the use of AI

- **Marketing:** Plan and create content quickly, and translate it into multiple languages.
- **Customer service:** Automate responses and improve the customer experience.
- **Analytics and strategies:** Clarify reports and forecasts, analyse data.
- **Brainstorming and planning:** New services and products, more efficient processes.
- **Making office work more efficient:** Meeting notes, to-do lists, calendar management.

Things to keep in mind

- **Data security and data protection:** Ensure business and customer data are always handled securely.
- **Ethical use:** Be open about your use of AI, and do not create misleading marketing.
- **Copyright:** Check access rights and protect your own content.
- **Expertise:** Use AI as a support to ensure the quality of your content.

» Data protection, privacy and ethics

In addition to the benefits, AI also brings responsibilities, for example in terms of data protection and data handling. For instance, you must ensure that customer data is used in accordance with the European Union's General Data Protection Regulation (GDPR), including in AI systems.

As an ethical entrepreneur, you also need to ensure that AI-generated results are not based on biased data, which could lead to discriminatory outcomes or unequal treatment. It's also your job to ensure that communications are honest and truthful, and that AI is not used for misleading marketing.

AI-generated content must also comply with copyright laws. You need to make sure that the content created by AI does not infringe on any copyrights, and that you protect your own rights properly. By abiding by data protection principles and ethical practice in general, you can ensure that AI supports your business responsibly.

AI and the future of work

Artificial intelligence is playing an increasingly important role in working life, and use of it is an emerging skill. As a new entrepreneur, AI offers you new ways to improve the customer experience, streamline internal processes and gain a competitive advantage. Using it requires an open mind and a willingness to learn new ways of performing conventional working tasks. AI is constantly evolving, so it makes good sense to keep up to date with new applications and making use of them where possible.

AI will not solve all business challenges, but it holds huge potential. As an emerging entrepreneur, you should take the time to explore different types of AI software to see what they can do for you and your business.

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 »

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, 2024, records must be kept until December 31, 2030.

» 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.

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

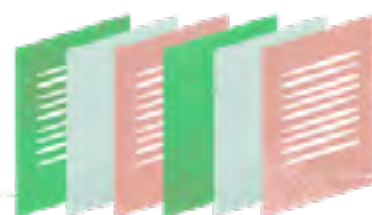
Using an online invoice, or an electronic bill, is environmentally friendly and saves invoicing time and effort. In addition, sending online invoices is more affordable than printing and mailing paper bills.

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.

The invoice must always include certain statutory items.



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 »

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



» financial management, along with the income statement and balance sheet.

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 > 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.

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 > 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, gener-

al 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 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 > 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. 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) > Corporate customers > 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.

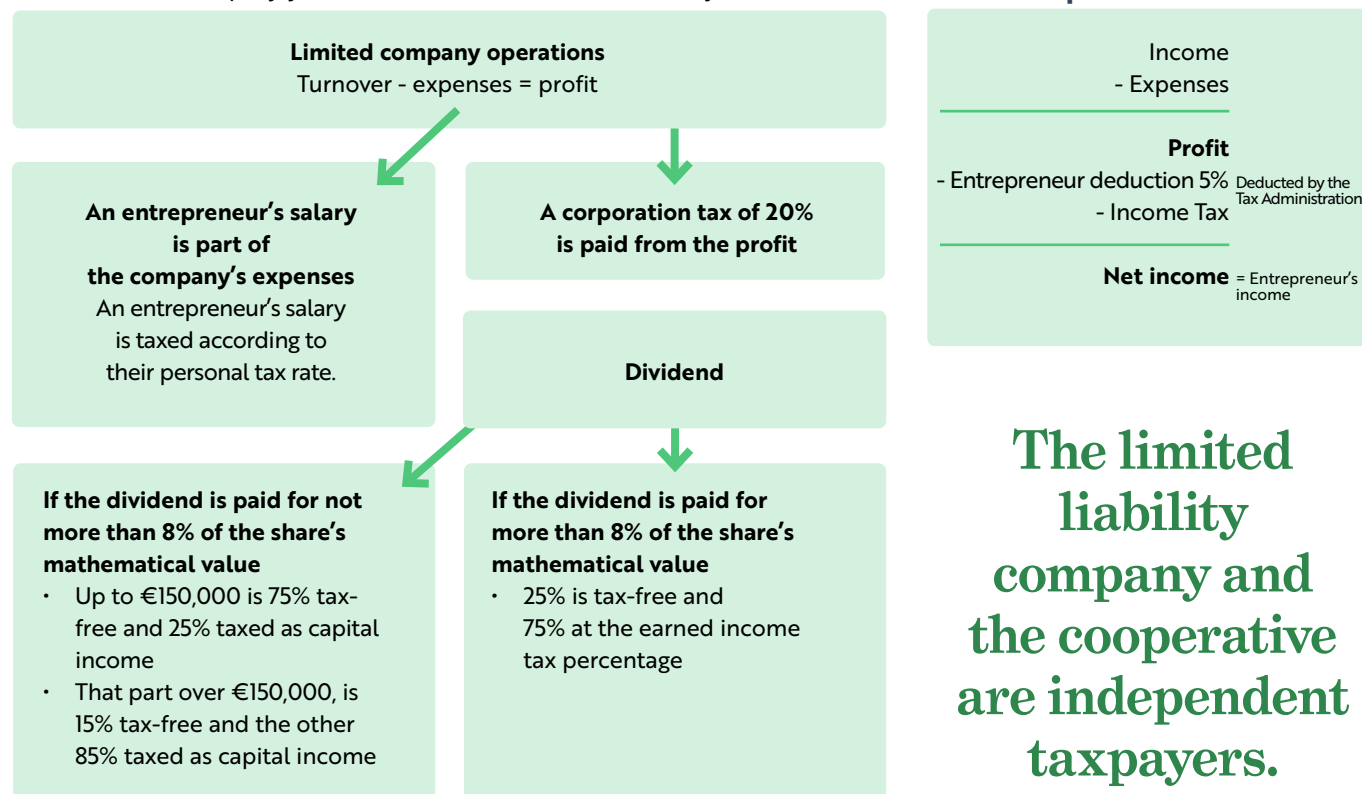
General and limited partnerships are not separate taxable entities for income

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.



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.

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 25.5 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 25.5%

- Most goods and services

Reduced tax rate 14%

- Food supplies
- Feeds
- Restaurant and catering services (however, alcoholic beverages and tobacco products 25.5%)
- Books
- Medicines
- Sports and fitness services
- Cinema
- Cultural and entertainment event admissions
- Passenger transportation
- Accommodation services

Reduced tax rate 10%

- Subscriptions to newspapers and journals
- Compensation received from 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 25.5%
Sales	€6,275	€5,000	€1,275 = tax payable
Purchases	€1,882.50	€1,500	€382.50 = deductible tax
Payable VAT			€892.50 = 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. When estimating the scale of your company's turnover, you should try to remain realistic. If you have estimated the turnover being less than €20,000 but it goes over this threshold, you must pay the value-added taxes from the moment the threshold for minor business activities is exceeded. The company must be registered for VAT from the point when the threshold is exceeded.

If your company is not obligated to pay value-added tax, you cannot also deduct the value-added tax on purchases.

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.

**The due date
is the 12th of every
month.**

VAT relief for small businesses is being abolished

From the beginning of 2025, small businesses will no longer be eligible for VAT relief for small businesses. The relief is available to businesses that are registered for VAT and have a turnover of less than €30,000 in a financial year (12 months).

Such companies are still entitled to apply for VAT relief for small businesses for the year 2024. Information on the VAT relief for small businesses will be provided on the VAT return for the last tax period of 2024. Companies with a tax period of one month and a financial year that differs from the calendar year are entitled to apply for VAT relief for the financial year preceding the entry into force of the law.

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.



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) 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. During your work, you will be responsible for orientation of temporary workers, safety at work and management and monitoring of work. 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).

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 »

Visit

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 > Services and contact information > Forms.



» 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.

Kela will pay the employer compensation for the necessary and »

**Make sure you
take care of
your employees
insurance.**

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
> Employment relationship
> Employment contract.

Workplace safety is a common matter.

» 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.

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.

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.

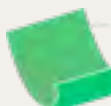
You can find more information, instructions, and answers to your questions at WWW.TYOSUOJELU.FI. In addition, employer and entrepreneur associations provide free consultation and advice to their members.



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.

Indirect staff costs (in 2025)

Payment	Salary percentage	Terms	Percentage of contributions withheld from salary	Payment method
The Employees' Pension Insurance TyEL	On average, 24.85%.	For salaried employees aged 17–67, employees' pension insurance must be deducted, if they are paid a salary of more than €70.08 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.
The unemployment insurance contribution	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.
The occupational accidents, injuries and diseases insurance premium	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.
The group life insurance premium	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.
The employer's health insurance	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.
The employee's health insurance contribution				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.

> Services
> Pay subsidy for hiring an unemployed person.

The Finnish Enterprise Agencies' network – support for entrepreneurs

- Alina Hoivatiimi Oy WWW.ALINAHOIVATIIMI.FI
- Ammattiliitto Pro WWW.PROLIITTO.FI
- Confirma WWW.CONFIRMA.FI
- Docue WWW.DOCUE.COM
- Elinkeinoelämän keskusliitto WWW.EK.FI
- Eläketurvakeskus WWW.ETK.FI
- Excellence Finland WWW.EXCELLENCEFINLAND.FI
- Fennia-konserni WWW.FENNIA.FI
- Finnvera WWW.FINNVERA.FI
- Holvi WWW.HOLVI.COM
- Kasvu Open Oy WWW.KASVUOPEN.FI
- Kaupan liitto ry WWW.KAUPPA.FI
- Keskinäinen Työeläkevakuutusyhtiö Elo WWW.ELO.FI
- Keskinäinen työeläkevakuutusyhtiö Varma WWW.VARMA.FI
- Keskisuomalainen Oyj MEKS WWW.MEKS.FI
- Kumppania Oy WWW.KUMPPANIA.FI
- Kuntaliitto WWW.KUNTALIITTO.FI
- Lakiasiaintoimisto Juutilainen & Co Oy WWW.JLAW.FI
- LähiTapiola Keskinäinen Vakuutusyhtiö WWW.LAHITAPIOLA.FI
- Mikro- ja yksinyrittäjät ry WWW.MIKROJAYKSINYRITTAJAT.FI
- MTK WWW.MTK.FI
- Musiikkiluvat Oy WWW.MUSIIKKILUVAT.FI
- Nuorten yrittäjyys ja talous NYT WWW.NUORTENNYT.FI
- Oma Säästöpankki Oyj WWW.OMASP.FI
- Omapaja Oy WWW.OMAPAJA.FI
- OP Kevytyrittäjä WWW.OP-KEVYTYRITTAJA.FI
- OP WWW.OP.FI
- Osuustoimintakeskus Pellervo WWW.PELLERVO.FI
- Palta ry WWW.PALTA.FI
- Patentti- ja rekisterihallitus WWW.PRH.FI
- Pulse 247 Oy MyCashflow WWW.MYCASHFLOW.FI
- Rakennusteollisuus ry WWW.RAKENNUSTEOLLISUUS.FI
- Rastor-instituutti ry WWW.RASTORINST.FI
- Reggster Oy WWW.TAVARAMERKKI.FI
- Smartum Oy WWW.SMARTUM.FI
- Startup Refugees WWW.STARTUPREFUGEES.COM
- Suomen 4H-liitto WWW.4H.FI
- Suomen Ekonomit ry WWW.EKONOMIT.FI
- Suomen Elinkeino- ja Kehitysyhtiöt SEKES ry WWW.SEKES.FI
- Suomen Franchising-Yhdistys ry WWW.FRANCHISING.FI
- Suomen Kuntoutusyrittäjät ry WWW.KUNTOUTUSYRITTAJAT.FI
- Suomen Metsäyhdistys ry WWW.SMY.FI
- Suomen Nuorkauppakamarit ry WWW.NUORKAUPPAKAMARIT.FI
- Suomen Yrittäjänaiset ry WWW.YRITTAJANAISET.FI
- Suomen Yrittäjät WWW.YRITTAJAT.FI
- Suomen Yrityskaupat Oy WWW.YRITYSKAUPAT.NET
- Suomen Yrityskummit ry WWW.YRITYSKUMMIT.FI
- SuPer ry WWW.SUPERLIITTO.FI
- Taloushallintoliitto WWW.TALOUSHALLINTOLIITTO.FI
- Taloustutka Oy WWW.TALOUSTUTKA.FI
- Tekniikan Akateemisten liitto TEK WWW.TEK.FI
- Turvallisuus- ja kemikaalivirasto Tukes WWW.TUKES.FI
- UKKO Yrittäjyyspalvelut Oy WWW.UKKO.FI
- Visma Solutions Oy WWW.VISMASOLUTIONS.COM
- YLM Yrityslakimies Oy WWW.YRITYSJURISTI.FI
- Yrittäjäkassa WWW.YRITTAJAKASSA.FI

Networks share experiences,
best practices and new
information.



A personal trainer for business

EduTec has been dubbed a “corporate personal trainer”, which on reflection isn’t far off the mark.

teksti **JENNY THUNEBCRG** valokuva **HANNA KORHONEN**

Founded in Varkaus to meet the needs of companies and the job market, EduTec is a new kind of educational enterprise. Its training programmes have a firm focus on hands-on skills development and in-person instruction in real work environments. The training is always customised to the needs of each target company.

Entrepreneur **Harri Kilpeläinen** has previously worked as a vocational school teacher. He says the idea for the company came from a business need he saw in his previous profession.

“In 2021, I set up the company with two colleagues who have since retired. By then, we had already been thinking about it for some time. We felt that training that was too centred on businesses and the labour market needed to be stepped up. We saw a great need for skilled people and trainers that would only increase going forward.”

EduTec’s range of services includes recruitment, training and further education in the field of technology, as well as consultancy. Training takes place on the company’s premises, giving the students a flying start into independent work.

The whole of Finland as a market area

According to Harri, a visit to the local New Enterprise Agency for new businesses was a wake-up call, as the entrepreneurs had initially been afraid to think big.

“We were asked why we didn’t go for the whole Finnish market right away. It

was great that everyone was so encouraging. After that, we immediately organised our second training in Tornio. A conversation with a professional gave us faith in our business. We also received help with financial matters,” he says.

Business advisor **Sanna Hietalahti-Husu** from Wäläkky, the New Enterprise Agency of Central Savo, says that Harri always had a very clear vision of how the business would be run.

Although sudden economic downturns are beyond your control, this does not mean that you cannot prepare for them.

“Thanks to his professional background, he saw the need for training in the field, which he then responded to with his current business idea. After talking to him, I intuitively felt that starting a business would turn out to be a really good idea. There is such a large base of potential customers and an obvious shortage of talent.”

Sanna cites courage as one of her strengths.

“Hats off to Harri for taking the initiative so well. He has the will and ability to make the company grow. That is rare.

Be prepared for challenges too

In Harri’s view, if you’re considering entrepreneurship you need to focus on a good business plan. Above all, you need to pay attention to profitability and calculations relating to it, but also to threats.

“Many people go into entrepreneurship with rose-tinted glasses and trust that customers will simply show up, and so on. But everyone is going to face obstacles. Sudden downturns are beyond your control, but you can plan ahead so that some unforeseen disaster won’t bring down your business. The New Enterprise Agency can also help you with things like this,” he says.

In the future, Harri hopes that EduTec will become even more adaptable to the needs of its customers in different parts of Finland.

“We are already an agile partner with an extensive network of trainers. But we want to learn to serve our partners better every step of the way. The idea is that in the long run, a company gets back two or three euros for every euro they invest at the beginning. Every euro invested in our service creates competitiveness and cost-effectiveness for the company.”

During the discussions between Sanna and Harri, they wondered why the company wouldn't aim for the entire Finnish market right away.



Develop your business

- Good planning builds is the basis for everything. Prepare your business plan and financial projections carefully.
- Remember that no matter how impossible some scenarios may seem, anything can happen. Make sure you are prepared for everything.
- Have your plans checked by a professional who knows how to ask the tough questions.

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.

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. »

**The Finnish Enterprise
Agencies help you find the best
funding channels in your area.**



» 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 > 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 > Growth.

Toward an international success story

When you are creating an international success story or need help identifying market opportunities, Business Finland can help. 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.

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 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

**You can apply
for financing
for growth,
development and
experimental
projects.**

Find the business services in your area

The Finnish Enterprise Agencies network WWW.UUSYRITYSKESKUS.FI/IN-ENGLISH

SEKES – the Association of Finnish Development Companies
WWW.SEKES.FI/EN

Association of Finnish Municipalities
WWW.LOCALFINLAND.FI

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 Pääomasijoittajat ry 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.



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, and the main parties are the Centres for Economic Development, Transport and the Environment (ELY Centres), Business Finland, Finnvera and the Ministry for Foreign Affairs. 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. Team Finland organisations also offer a wide range of financial services, including grants, 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.

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. 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 more you give to the network,
the more you will benefit.**

Growth through acquisition – a strategic step towards a stronger market position

Is it time to take your business to the next level? Mergers and acquisitions can be the key to rapid growth and a broader market position, without taking a big risk or building a business from nothing. Buying an established business enables you to grow your current business and tap the potential of new resources.

Acquisitions as part of a growth strategy – what are the benefits?

- **New markets:** Buying a going concern gives you a foothold in a new market, or even a whole new industry. This can provide quick access to new customer markets and broaden your business horizons.
- **Synergies:** Buying a business can offer you resources that complement those of your current business. You can combine business processes, draw on common supply chains and streamline different parts of your business, which can lead to cost savings and improved efficiency.
- **Strengthening market position:** An acquisition can be a strategic move to acquire competing players in the market. This could strengthen your position as a market leader and reduce competitive pressure in certain markets.
- **Boosting growth:** Mergers and acquisitions are a quick way to expand without having to grow your existing business organically – and slowly. Instead of growing step by step, you can take a big leap by buying a ready-made business with a ready-made infrastructure.
- **Flexibility of financing:** Thanks to your company's well-established position, you can negotiate more flexible financing solutions for a takeover. Financial institutions are often interested in supporting companies that expand profitably and in a planned way.

Things to consider before buying a business

- **Company integration:** Careful planning is the key to a successful acquisition. It's important to ensure that the business you are buying will integrate seamlessly with your current operations. This requires a clear strategy that takes into account factors such as staff, company culture, systems and customers.
- **Risk management and assessment:** As with any business transaction, comprehensive due diligence on the prospective company is essential. This will ensure that you fully understand its financial situation, contracts, debts and potential risks before buying.
- **Managing staff and customer relations:** The customer relationships and staff associated with the business you aim to buy can be critical to your success. To ensure that your staff stays motivated and your customer relationships can be optimally maintained, you must handle the change of ownership carefully.

Strategic growth through acquisition – a step towards greater opportunities

Where can you find businesses for sale? There are a variety of online business trading platforms in Finland, such as Firmakauppa and Suomen Yrityskaupat. Commercial business brokers have their own websites, as do some regional low-threshold business transfer specialists. Note that many companies are not publicly traded, so you should contact brokers or experts in changes of own-



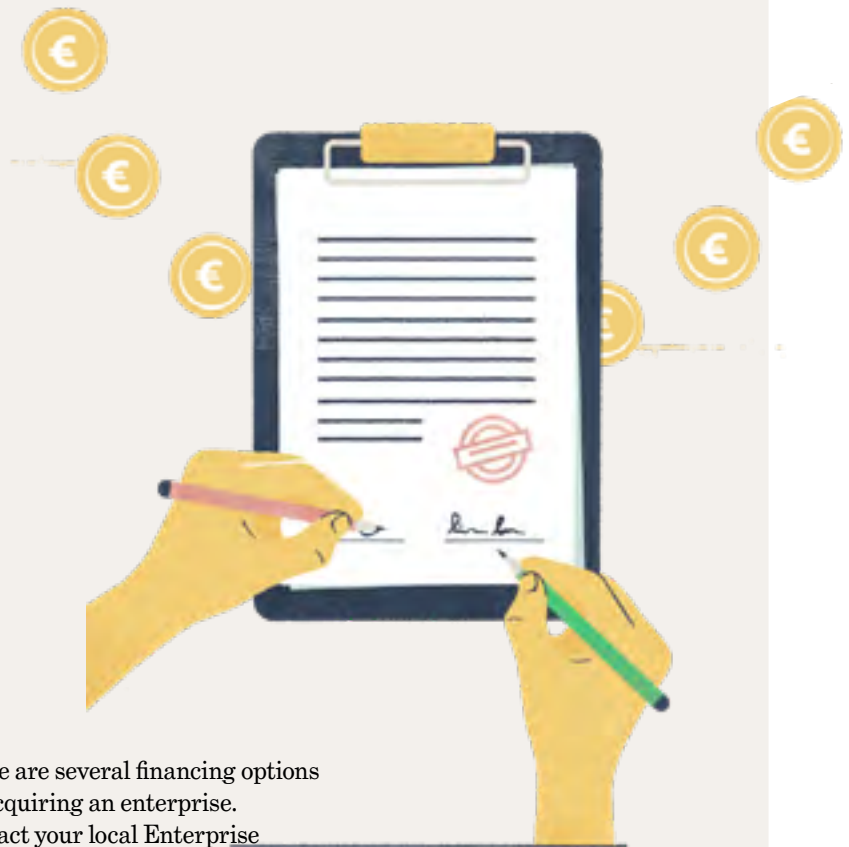
ership experts for information. You can also contact the owner of the company you are interested in directly about your willingness to buy. Before making the final purchase decision, however, make sure to consult the necessary experts.

Business growth doesn't always have to happen organically. Mergers and acquisitions are a powerful means of accelerating growth, expanding your operations and securing your market position. A properly planned and executed acquisition can offer new opportunities for greatly developing your business.

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



Becoming an entrepreneur by buying a business

Tuningkauppa imports and sells accessories for cars and vans, and has grown and expanded in many ways since the acquisition.

text **JENNY THUNEBCRG** photo **KRISTA LUOMA**

Tuomo Kirjonen and Marko Jokinen met when they were working together. Before the acquisition, the two had already been thinking about entrepreneurship for some time. They spent their lunch breaks browsing for businesses that were up for sale. Located in Alavus, Tuningkauppa was finally found through a tip from a business broker.

After that, everything happened quickly, and it was less than four months before the company was in business.

"My enthusiasm for entrepreneurship grew gradually. I had the feeling all my old jobs as a financial manager had always been very similar, regardless of the company. Going into business began to cross my mind when I realised that I could very likely go back to my old job if entrepreneurship didn't take off for one reason or another," Tuomo says.

Marko's thought process was quite similar:

"I'd worked in sales for a long time, and my clients were entrepreneurs. I had long been thinking that that's where I should be too, on the other side of that desk. I got to meet a lot of businesspeople from all over Finland, both very successful and less successful ones.

A textbook example of a business acquisition

The final push to become an entrepreneur was ultimately very quick, and the

coronavirus pandemic that hit Finland at the same time put its own spin on things. But in the case of Tuningkauppa, the effect was positive: as the world went quiet with lockdowns and other measures, there was increased interest in cars, and so online sales picked up.

The external help the company received also provided the new entrepreneurs with added certainty. The New Enterprise Agency played an impor-

I kept having the thought that I should be doing that too.

tant role in this process. As this was a business acquisition, the men not only struggled with the calculations but also with practical questions such as the value of the company to be bought, and whether to buy a limited company or the business operations.

"We were looking for signs that we had got things right. The New Enterprise Agency was also a good help for us, as we're not originally from the area. We learned much about which things should be addressed to which contacts," Tuomo says.

Business advisor **Ari Loukasmäki** of the Neuvoa-antava New Enterprise Agency in South Ostrobothnia says the company and its entrepreneurs are fine examples of a successful acquisition.

"The entrepreneurs had a good background for this venture, and the company they were buying had everything they were looking for. They've been really determined since then, and the company has developed a lot: the product range has expanded, sales have increased and inventory management has improved the company's sales margin."

Growth from a neighboring country

The company plans to expand in a few different ways in the future. For one thing, the current premises are too small. New, company-owned premises are under construction in Seinäjoki, and will be completed during the winter of 2023–4. In addition, an online store targeting the Swedish market has recently been launched.

"We started with a small-scale online store experiment that was inherited from the previous owner, but we decided to close it and start a new one from scratch. It has started off really well, as the Swedish market has a lot of potential despite there being more competition. We've spent a lot of time on this, and business has been brisk so far," Tuomo says.

Flat Out Trading – also called Tuning-kauppa – has really hit the road. The owners have invested in the online shop, recruiting extra staff and expanding to a new premises.



Should I buy a business?

Buying a business is the fastest and safest way to start an entrepreneurial venture and make it grow.

Pay careful attention to the prospective company's turnover, profit, amount of debt, and how the deal is done.

Selling your business – the right solution at the right time

Even if you're just starting up, in order to be profitable your business should be built from the ground up. The time to sell your business may come sooner than you thought or even as a complete surprise. There can be many reasons for selling: you may not have enough time, your interests may be elsewhere, or you may want to focus on other aspects of your life aside from running a business. Or it may be that you get a good offer from another entrepreneur in the same field. It's important to remember that selling your business does not mean that you are giving up and that it can be a very smart strategic choice.

It might even take years to conclude the acquisition.



When does it make sense to sell?

- **Not enough time:** If your business is growing and developing but you no longer have the time or resources to run it full-time, selling might be the logical next step. After all, your business deserves an owner who can focus on its full potential.
- **Change of plan:** As an entrepreneur, you never really know where your path will lead you. Sometimes, your goals or interests can change along the way. You may want to move into another field, try something new or go back to being an employee for another company. In short, selling your business can offer you the freedom you need for finding new adventures.
- **Personal reasons:** In life, we are at times faced with situations that require a change: a sudden illness, the needs of our loved ones or other personal reasons. In such a situation, selling your business can be an easy solution that offers financial security and frees you to focus on what's most important.
- **Unlocking business value:** If your business has been successful and its value has clearly increased, this may be a good time to sell and realise the profits. This way, you can reap the rewards of your long-term

efforts for pursuing your next goals in life.

What does it take to sell a business?

Selling your business is not a decision to be taken lightly. It requires planning and careful preparation. You need to assess the financial value of your company realistically, and ensure that all the necessary information is in order so that the buyer can have confidence in the health of the business and its prospects. It's wise to draw on outside expertise in the sales process.

Where can you find a buyer? You can find a successor for your company through sales listings on business marketplaces such as Firmakauppa and Suomen Yrityskaupat, by contacting a commercial business broker, local business development experts in your municipality, or your local Enterprise Agency. Potential buyers can also often be found through personal networks and word of mouth – not forgetting family ties (as in the case of a generational transfer), employees and business partners. Tell us about your plans to sell, and get ready to present your business!

When is it time to shut down your business?

Even if starting and running a business has been your passion, the situation may arise where continuing is no longer »

» sensible or maybe even possible. In this case, closing your business may be the right solution. The key is to make the decision early and in a controlled way, as this will make the transition as smooth as possible.

When can it make sense to close a business?

- **The company is no longer profitable:** If business expenses consistently exceed revenues and there is no clear trend in sight, it may make sense to consider bringing things to an end. This can protect your personal finances and allow you to focus on new projects or job opportunities.
- **The sector is dwindling:** If the sector in which your business operates has undergone significant changes – for example, due to technological developments, changing consumer needs or economic conditions – it might be too tough to keep going. In such cases, going out of business may be the best way to avoid unnecessary losses.
- **Personal reasons:** Life changes, such as moving abroad, serious illness or other personal reasons, may also force you to consider closing your business. If this happens, it's important to take a calm and considered decision so that you can organise the exit process smoothly and ensure that there are no unpleasant financial or legal surprises.
- **New opportunities:** If an exciting new opportunity has opened up for you, like a career opportunity, further education or some other path, closing your business can be a realistic way to free up your resources for a fresh start.

What does it take to close a business?

Going out of business is a process that requires careful planning and attending to formal obligations. All financial and administrative matters, such as taxes, employees and contracts, must be in order before the business can be

closed. This will reduce future worries and allow a clean start for the next step.

Selling or closing your business is not a sign of failure, but a strategic and personal decision that can lead to new opportunities. Either option can be a step forward, as long as you make the decision wisely and in good time.

Selling your business is not a decision to be taken lightly. It requires planning and careful preparation.



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.

ACCUAL-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 > 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).

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.

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 means 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) 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).

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

- ☐ **1. Business plan and financial statements**
 - a written business plan
 - financial calculations: investment, financial, profitability and sales calculations, cash budget
- ☐ **2. Type of company**
 - choose the most appropriate company type for your business
 - Consider the different forms of light entrepreneurship.
- ☐ **3. Advisor meetings**
 - meetings with parties such as your bank, Finnvera, the insurance company and an accountant
- ☐ **4. Financing**
 - financing options that suit your needs, e.g. your bank, Finnvera, other external financier, self-financing
 - the self-financed share and guarantees for the loan
 - business support opportunities
- ☐ **5. Start-up funding (note: check this information with your municipality of residence)**
 - Apply before registering your company.
 - Attach a business plan, financial statements and proof of taxes paid.
- ☐ **6. Registration and memoranda of association**
 - trade register
 - Not always compulsory for sole traders with a trading name, but registration protects the name of the business and is required when applying for a mortgage on company assets.
 - the necessary memoranda of association in accordance with the requirements of the form of company
 - registering a trademark or patent if necessary for your business.
 - Beware of unofficial registrations sold over the phone!
- ☐ **7. Official permits**
 - any necessary permits and/or notifications
- ☐ **8. Taxation**
 - Tax registers such as the VAT register, the prepayment register and the employer register.
 - advance taxes
- ☐ **9. Monetary transactions**
 - a separate bank account.
 - payment terminal and/or contracts for e-invoicing, online store payments and other payment methods used.
 - Keep in mind that payment should be easy for your customers.
- ☐ **10. Accounting**
 - keeping the accounts yourself, or preferably with the help of an accountant
- ☐ **11. Insurance**
 - statutory pension insurance for the self-employed (YEL)
 - Other insurances, such as property insurance, patient insurance, event insurance, employer insurance, and traffic insurance
- ☐ **12. Unemployment security**
 - Social Security Institution of Finland (Kela) or the Entrepreneur Fund
- ☐ **13. Premises**
 - rent or buy premises suitable for your business – location is important!
 - any inspections and notifications by the authorities (certain types of premises, renovations, change of entrepreneur)
- ☐ **14. Sales and marketing**
 - marketing plan
 - digital marketing channels
 - networks
- ☐ **15. Staff**
 - employment contracts
 - employer obligations
 - employer register
 - Before you sign an employment contract, find out if you are able to utilise wage subsidies.
- ☐ **16. Entrepreneur support network and personal wellbeing**
 - entrepreneurial networks and support organisations such as entrepreneur's associations, Business Mentors (Yrityskummit) and Yrittäjän talousapu entrepreneur's financial counselling service
 - Remember to take care of your wellbeing and that of your family. Take regular exercise, follow a healthy diet and get enough rest. And if you need help, ask for it in good time.

Enterprise Agencies at your service

- Ab Jakobstadsregionens Utvecklingsbolag Concordia – Oy Pietarsaaren seudun Kehittämisyhtiö Concordia
- Business Espoo – Espoon Seudun Uusyrityskeskus
- Business Helsinki – Helsingin Uusyrityskeskus
- Business Hyvinkää – Hyvinkään kaupunki
- Business Joensuu
- Business Rauma – Rauman kaupunki
- Business Sydspetsen – Business Eteläkärki
- Business Vantaa – Vantaan Uusyrityskeskus
- Business Äänekoski
- Cursor Oy
- Etelä-Pohjanmaan Uusyrityskeskus ry Neuvoa-antava
- Hämeen Uusyrityskeskus
- Imatran Seudun Kehitysyhtiö Oy
- Itä-Savon Uusyrityskeskus ry
- Kehitysyhtiö SavoGrow Oy
- Keski-Suomen Yritysidea
- Keski-Uudenmaan Kehittämiskeskus Oy KEUKE
- Kirkkonummen kunta
- Kokkolanseudun Kehitys Oy - KOSEK
- Kouvola Innovation Oy
- Kuopionseudun Uusyrityskeskus ry
- Lahden Seudun Kehitys LADEC Oy
- Lappeenrannan kaupungin yrityspalvelut
- Mikkelin seudun Uusyrityskeskus ry
- Nivala-Haapajärven seutu NIHAK ry
- Oulun seudun Uusyrityskeskus ry
- Posintra Oy
- Riihimäen Tilat ja Kehitys Oy
- Simon kunta
- Uusyrityskeskus Ensimetri
- Uusyrityskeskus Enter Satakunta
- Vaasanseudun Uusyrityskeskus Startia
- Vakka-Suomen Uusyrityskeskus – Ukipolis Oy
- Valkeakosken kaupungin elinvoimapalvelut
- VihtiBusiness
- Wäläkky Keski-Savon Uusyrityskeskus ry
- Ylivieskan elinvoimapalvelut
- YritysLohja – Lohjan Uusyrityskeskus
- Yrityssalo Oy

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WWW.HEL.FI/BUSINESSHELSINKI
WWW.HYVINKAA.FI
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WWW.ITASAVONUUSYRITYSKESKUS.FI
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