

Finland

1. Government requirements

Registration requirements

All new enterprises, including foreign companies starting a business in Finland, must submit a start-up notification to get a company ID. In addition, when a business enters Finland, the business must register in the applicable registers with the Finnish tax authorities (e.g., the employer register, prepayment register, VAT register) and in the Trade Register when applicable. The Trade Register is a public register containing information about businesses and companies in Finland. The registration requirements vary in each situation and need to be checked in each case specifically.

Unemployment insurance

Both employers and employees are obliged to pay unemployment insurance contributions. The employer is obliged to take unemployment insurance from the Employment Fund. The liability to pay unemployment insurance contributions mainly applies to employees aged 17 to 65.

Accident insurance

The employer must always take statutory accident insurance against the risk of accidents involving their employees prior to the work commencing.

Employers can freely choose the accident insurance company from which to take the statutory coverage. Statutory accident insurance is government-controlled even if provided by private insurance companies.

Group life insurance

Group life insurance is taken together with accident insurance from the same private insurance company. The requirement to take this insurance is typically based on the collective labor union agreements. The insurance works similarly to the accident insurance.

Ongoing compliance requirements

Unemployment insurance

The contribution rates are stated by the government annually. The amount of unemployment insurance contributions is determined on the basis of the wages paid to employees. The employer must always withhold the employee's unemployment insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employee's unemployment insurance contributions, as well as responsible for delivering the earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The Employment Fund will see the reported information from the Incomes Register and based on that will deliver the invoices quarterly (in January, April, July and October) to the employer.

Accident insurance and group life insurance

The contribution rates are stated by the government annually. The amount of accident insurance and group life insurance contributions is determined on the basis of the wages paid to employees. The employer is responsible for making the insurance payments on the basis of invoices delivered by the insurance company, as well as responsible for delivering the earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The insurance company will see the reported information from the Incomes Register and based on that will deliver the invoices to the employer. The invoicing frequency may differ depending on the insurance company and agreement.

Employer's Health insurance contribution

If a permanent establishment exists in Finland, the employer is obligated to pay the employer's health insurance contribution to the tax authorities. The contribution rate is stated by the authorities annually. The amount of contribution is determined based on the wages paid to employees and reported by the employer's separate report to the Incomes Register on the fifth and paid by the 12th day of the month following the payment month by the employer's own initiative.

2. Pension requirements

Registration requirements

Earnings-related pensions are guaranteed by law, so every employer paying salaries to employees under Finnish pension insurance is obliged to take earnings-related pension insurance to cover their employees. Earnings-related pensions are managed by private employment pension insurance companies. Employers can freely choose the employment pension company from which to take the statutory cover. Pension provision is not, however, affected by the company with which the employee is covered, since the pension benefits are prescribed by law and do not differ between the various authorized pension companies. An employee's pension accrues from annual earnings that are increased with the wage, coefficient to the level of the retirement year and from which the employee's pension contribution is deducted.

Ongoing compliance requirements

The contribution rates are stated by the government annually. The amount of pension insurance contributions is determined based on the wages paid to employees. The employer must always withhold the employee's pension insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employees' insurance contributions, as well as responsible for delivering the earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The pension insurance company will see the reported information from the Incomes Register and based on that will deliver the invoices on monthly basis to the employer.

3. Employment obligations

Incomes register

The Incomes Register is a national online database of incomes information.

The employer must file the earnings payment report of paid salaries to the incomes register latest on the fifth calendar day following the payment date.

In addition, an employer's separate report needs to be sent to the Incomes Register on the fifth day of the month following the payment month, when applicable. The employer's separate report contains information of the employer's health insurance contribution or notification if no wages payable.

The employer and employees can have access to the Incomes register. Authorities and instances (e.g., Tax authorities, the Employment Fund, pension and accident insurance companies) receive the salary information from the Incomes register. Data is stored in the Incomes Register for 10 years from the beginning of the year following the year in which the data was saved.

Labor laws and union agreements

The employer has to follow Finnish labor laws and other rules and guidance. There are also different types of collective labor union agreements with detailed rules in Finland. The collective agreement is an agreement regulating conditions to be observed in employment contracts or otherwise in employment relations, concluded by one or more employers or employers' associations on one side, and one or more trade unions on the other side.

4. Payroll requirements

Salaries are paid into employees' bank accounts. The salary is paid on the last day of the pay period, unless otherwise agreed. If the salary is based on a period of less than two weeks, wages must be paid at least twice a month, otherwise once a month.

Payslips

The employer must deliver payslips to employees. Payslips can be free-form. However, there are certain requirements regarding what information needs to be shown in the payslip.

5. Banking requirements related to payroll

The net salary payments are made by the employer to the employee's bank account.

If payments are done in a foreign currency, they have to be reported to the Incomes Register in Euros by using the exchange rate set by the European Central Bank.