Activating Business in Oulu

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BusinessOulu

BusinessOulu in a nutshell

- Responsible for the City’s business policy implementation
- Support on innovative entrepreneurship
- Cooperation with international, local and national partners
- Multidisciplinary focus: ICT, Life Science, Cleantech, Industry, Trade & Services, Travel & Logistics, Creative Industries
- Invest in Oulu assists and gives counseling to enterprises interested in locating themselves or investing in Oulu
- Focus on international and national investments
Our vision:
Oulu will be the best urban area for innovative entrepreneurship and internationally oriented business in 2015

Our strategic goals

- To promote and increase entrepreneurship
- Significant job creation
- An increase in national and international investments in the Oulu area
- A service range generating genuine customer value, created together with local, national, and international partners
Our basic task

▶ We create a **competitive business environment** for businesses operating in or relocating to Oulu that have the desire and potential for growth, aiming for a significant increase in overall investments

▶ To help our customers succeed, we offer **cutting-edge business development services** based on customer analysis together with our local, national, and international partners

▶ We **promote job creation** by encouraging enterprises to grow and think internationally

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B-to-B services

- Provide startup, development, growth, internationalisation and relocation services for enterprises
- Organise corporate coaching, training and various events
- Take concrete, practical steps to put clients plans into action
- Encourage entrepreneurship and advise enterprises on how to grow and how to go international
- Draw on our existing partner network in providing our range of services and call in outside experts as required (for example, for more in-depth knowledge of a particular sector)
Inclusive service network for your company in Oulu region

BusinessOulu—services for international companies for free

- Invest In Oulu services
  - Production of market information
  - Research about business opportunities
  - Evaluation of market entry alternatives (company acquisition, establishing a new company, etc.)
  - Location services
  - Consulting to get the business started
  - Recruiting help
  - Support with public funding
  - Soft landing services
  - Networking with companies and research institutes
BusinessOulu offers a one-stop-shop service

Invest in Oulu services
- Identification of business opportunities
- Access to Business Networks
- Access to Funding
- Access to Human Resources
- Identification of M&A targets
- Access to R&D networks

Soft Landing services
Provided by BusinessOulu and its partners
- Enterprise establishment
- Facility and location services
- Accounting services
- Banking services
- Mentoring, advisory and coaching
- Business permits and licenses
- Recruitment services
- Taxation services
- Work-permit procedures
- Other juridical services and consultation
- Logistic services
- Insurance and pension services
- Training and education services
- Expatriate services

Oulu –
global leader in wireless IT industry

- 1st in R&D investments per capita in Finland,
  5th in EU (10% of GDP R&D related, vs. EU average 3%)
- A remarkable tech economy:
  - 400 ICT companies
  - 15,000 high-tech jobs
  - €4 billion in total turnover
- Multidisciplinary university with 16,000 students
- 230,000 people in city region with more than 100 nationalities
  - 33% of population with university degree, EU average 20%
  - young population, average age 34.5

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A Leading Wireless R&D Region Globally

- Global Vendors’ R&D Centers: Ericsson, Nokia, NSN, F-secure, Mentor Graphics, Pulse, Prism Microwave, National Semiconductor, Texas Instruments, Analog Devices, ST, Wipro, Renesas, Sun, HP, EXFO, Google...
- Number of High-tech Start-ups: Aava Mobile, BBS, BallIT, Navicron, Detection Technologies, Clarified Networks, Codenomicon, Prowellness, Specim, Upstream...
- Research Institutes & Universities: Center for Wireless Communications, Oulu University, VTT, University of Applied Sciences

International Sales Promotion (ISP) - Project

- Major change in progress in Oulu ICT-sector
  - Significant effect in Nokia (+ subcontracting) value chain
  - Directly or indirectly affecting 1000+ people
- Opens up the opportunity for new growth paths in Oulu region
  - Availability of world class competencies & assets for R&D
  - University & RD partner network
  - Living start-up community
- BusinessOulu supporting the Oulu ICT community by numerous activities including "invest-in" type of activities
- ISP is supporting co-operative offerings development and sales of wireless expertise

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Competence profiles in Ecosystem

Oulu Wireless Offering –Summary

- Unique availability of experienced workforce of wireless professionals
  - 2500 + mobile SW experts
  - 1500 + wireless/rf professionals
  - 1500 + product creation, integration, validation specialists
  - 2000 + systemn design, enterprise & media SW professionals

- Available facilities for end-to-end product creation & validation in multiple platforms
- Existing world-class multi-disciplinary research and R&D partner network
- low risk business environment with low employee turnover ~2%
- attractive corporate tax rates (24,5%)
- direct access to consumers in Europe and Russia

Global players (Ericsson, Renesas, ...) are currently making strategic investments into Oulu, now is perfect time for making the move
How to set up a company in Finland?

Company Forms

- Self employed person/Individual Proprietorship
- General and Limited Partnership Company = Partnership
- Limited Company
Limited company

- Adequate form of business, when the business has more than one founder or plans to increase the amount of business partners or shares.
- Can be set by one or several persons (natural or juridical).
- The minimum share capital is 2500€.
- At least one shareholder.
- At the establishment of a company the shareholders pay their share of the capital stock to the bank.
- After that the Company may be registered in the Trade Register (Y-form 1, handling fee 350€).
- The Company can use the share capital for necessary initial investments.
- The company’s profit is always seen as returns to the company, and such has no impact on a shareholder’s personal taxation.
- Owners can take assets from the company as wages and dividends.
- The company can pay dividends to shareholders from reserves of unrestricted equity only.

Power of Decision in the Limited Company

- The stock capital is divided in shares, which the shareholders subscribe, pay and possess.
- Shares gives the owner voting right at the meeting of shareholders.
- The meeting of shareholders elects the Board to run the administration and operation of the Company.
- The Board usually picks out a Managing Director.
- In practice, an ownership of 51% decides on the activities of the Company.
Responsibility (Limited Company)

- A limited company is protecting the shareholders’ private property, as the shareholders are not personally responsible for the company’s liabilities, unless liabilities are not guaranteed personally.

- The members of the board and the managing director of a limited company may be held responsible to the company for illegal decisions or for negligence, or other similar things.

Profit distribution and taxation (Limited Company)

- Independent taxpayer (24.5% tax on the return).
- The company always has to remit some side costs for the salaries being paid. Side cost factor 1.5.
- Dividend can be paid no earlier than the first profitable accounts.
- The dividend is distributed according to the rate of share holding.
General Partnership or Limited Partnership

- A General Partnership is the choice when the business is to be run together with someone else. Both are called **ordinary partners**.
- A Limited Partnership Company can be established by at least one ordinary partner and one **silent partner**. Silent partner is in practice only an investor/worker, not an entrepreneur.
- All ordinary partners are in personal responsible for the company's liabilities.
- All the company's revenue is ordinary partners personal income. In Finland the more you earn the more you pay taxes. (Progressive taxation).
- Typically a family owned company because of liabilities. (If something happens to other ordinary partner, the other takes care of all company's liabilities with his/her personal property if needed.
- At least one of the partners in a general partnership or of ordinary partners in a limited partnership has to have a place of residence or, if the partner is a legal person, the domicile in the EEA (European Economic Area). Otherwise a permit must be sought from the NBPR (The National Board of Patents and Registration) for all partners that are not from the EEA.

Self employed person or Individual proprietorship

- Self employed person do not have a permanent location for your sales or purchases (office, shop etc.)
- Individual proprietorship has a permanent location for sales and purchases.
- In both the company is part of it's owners financial resources.
- A private entrepreneur has unlimited liability, which means that the person is responsible for his/her operations with his/her entire personal property.
- Trader's place of residence must be located within the EEA. Otherwise he/she has to apply for a permit from the NBPR.
Branch

How to submit a Start-Up Notification of a branch of a foreign trader?
What is a branch?

- A branch of a foreign trader is a part of a foreign organization or foundation that carries on a continuous business or trade in Finland, from a permanent place of business located in this country, in the name and for the benefit of the foreign organization or foundation.

- Duty to notify. The foreign trader must submit a Start-Up Notification concerning its branch to the Trade Register before the branch commences its operations. If the trader opening the branch is from a country outside the European Economic Area (EEA), it will also need a permit from the National Board of Patents and Registration of Finland for the establishment of the branch.

Value added tax (VAT) liability - Should I register for VAT?

- In principle, all sales of goods and services carried out in the form of business transactions are subject to VAT and make the entrepreneur liable to pay VAT.

- Entrepreneur can decrease VAT of buyings from sales VAT.

- If the turnover of the accounting year exceeds 8500€ in an accounting year, company or entrepreneur have to register the VAT Register.

- IF VAT sales exceeds the VAT costs in business transactions, liability to pay taxes exists.
VAT rates

- Standard VAT base is 23%
- 17% is applied on food
- 8% is applied on passenger transportation services

When to pay?

<table>
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<th>October</th>
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<td>Sales over costs € 1220</td>
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On the 15th day of the second calendar month following the reporting month; e.g. you will pay for October by the 15th of December

15 December payment of € 220

Bookkeeping arrangements

- All entrepreneurs are liable to keep books. The liability to keep books means that the data describing the business transactions (incomes and costs) is collected and kept, books are kept and the closing of the accounts is made by a certain date in a manner that is in accordance with the laws and good accounting principles.
- The liability to keep books comes into effect when a company is set up.
- **Hire authorized accounting firm, which is a member of the Association of Finnish Accounting Firms (TAL).** This is only for your and your company's good. You can have a list of operators from Oulu Regional Business Agency.
- Confirm that account office can operate with same language as you.
- Ask for a written agreement.
- Inquire about timetables.
- Inquire about prices.
Most important insurances in business

- Entrepreneurs’ Pension Act – YEL insurance
- Employees’ Pension Act - TyEL insurance
- Company’s insurance

Entrepreneurs’ Pension Act – YEL insurance

A self-employed person must take out YEL insurance if he or she meets with the following criteria:

- is aged 18 to 68
- has been self-employed for a minimum of four consecutive months since turning 18 and does not come under another pensions act based on the activity in question
- is employed by the company, does not only own it
- his or her work input exceeds the minimum YEL income prescribed in YEL (EUR 6,186.65 in 2008)

The self-employed under YEL include:

- self-employed business persons or professionals
- persons working under a registered business name
- partners in general partnerships
- responsible partners in limited partnerships
- shareholders in joint stock companies who have executive status in their company and, either alone or with family members, hold more than 50% of the shares or votes
- partners in certain cooperatives (e.g. forest harvesting contractors).

The YEL insurance must be taken from an insurance company within six months from starting the business.
Employees´ Pension Act - TyEL insurance

- As an employer, you must arrange and pay for pension insurance for all employees working in private sector.
- TyEL covers work carried out under an employment contract for which the employer pays earnings of at least 47.08 euros during the calendar month (2008).
- The insurance requirement applies to Finnish and foreign employees alike.
- You must pay pension contributions for all employees between the ages of 18 and 67. The upper age limit for insurance is 68. The insurance begins from the month which follows the employee’s 18th birthday and may continue until the end of the month in which the employee turns 68.
- You should pay pension premiums via a bank and report the employee and earnings data to insurance company.

Insurance service producers: Pension Fennia, Pension Tapiola, Etera, Ilmarinen, Varma, Veritas Pension Insurance.

Other entrepreneur’s insurances

Business risk are left to the entrepreneur while hazard risks can be transferred to an insurance company. Typical hazard risks include fires, pipe leakages, vandalism as well as possible business interruption caused by them. The entrepreneur or employees may also fall ill or get injured.
Permits for foreigners

- The National Board of Patents and Registration (NBPR) grants, on application, permits to persons coming from outside the European Economic Area (EEA) to serve in managerial and other duties of responsibility in businesses.
- The person’s nationality does not decide whether a permit is needed or not. The permanent place of residence or the legal person’s domicile, on the other hand, is of greater importance.
- Local Register Offices (‘maistraatti’ in Finnish) give further information on how a permanent place of residence in Finland is determined.

Can a foreigner be a shareholder /Board member/Managing Director (Housing Manager) in a limited company?

- The nationality of the person is not a decisive factor. What is essential is in which country he or she lives permanently. In certain cases a person residing outside the European Economic Area (EEA) needs a permit from the NBPR.
- In regular businesses there are no restrictions based on the place of residence or domicile, or nationality, regarding the right to own shares.
- If at least one Board member is a resident of the EEA, no permit is needed. In other cases a permit from the NBPR is required.
- The Managing Director (and his/her deputy, if any) must have a place of residence in the EEA. The Housing Manager of a company under the Housing Companies Act must also be a resident of an EEA state. In other case he/she has to obtain a permit from the NBPR.

A limited company must have a representative who is entitled to receive summons and other notifications on behalf of the company. The representative must be domiciled in Finland and is entered in the Trade Register. If, however, the company has a member or deputy member of the Board of Directors, a Managing Director, a person authorized to sign for the company, or a holder of procurator who has been notified to the Trade Register and is resident in the EEA, it is not necessary to elect a separate representative.
Applying for a permit

The permit is applied for by a written application, free in form, giving the grounds why the permit should be granted. The application must be filled either in Finnish or in Swedish.

The application must state the following:

1. The name, nationality and place of residence of the applicant as well as the State in which the place of residence is located. If the applicant is an organisation, its name and domicile and the State in which the domicile is located.
2. The permit or permits applied for (for example a permit to act as a founder or a member of the Board of Directors of a limited company).
3. The company name, the business ID must also be indicated if the company already has acquired it.
4. The grounds why the permit should be granted.
5. The postal address and other contact details (such as phone number) of the applicant or his/her representative.

The application fee (100 euros) is payable for each permit.

The National Board of Patents and Registration (NBPR) Contact information

Open Mon-Fri 8.00 – 16.15 hrs
Visiting address: Arkadiankatu 6 A, 00100 Helsinki
Mailing address: P.O. Box 1140, FI-00101 Helsinki
Telephone: +358 (0)9 6939 500
Fax: +358 (0)9 6939 5328
E-mail: firstname.lastname@prh.fi
Scandinavian letters å, ä and ö are replaced with a, a and o, respectively.

Registry
Mail delivered into our letter box or fax +358 (0)9 6939 5328 on Monday-Friday before 20.00 hrs are registered as having arrived the same day.
E-mail: registry@prh.fi
www.prh.fi
Telephone: +358 (0)9 6939 500
Fax: +358 (0)9 6939 5328
Steps to set up a company in practice (case limited company)

1. Business idea
2. Contact business advisor
3. Development from idea to business plan
4. Choosing of a proper company form
5. Financial calculations and applications (For Finnvera, Banks)
6. Permits if needed
7. Limited Company formation pack
   - Memorandum of Association
   - Articles of Association
   - Start-Up Notification Y1
   - Trade Registers appendix Form 1
8. Minutes of the board (first meeting)

9. Open bank account and pay capital stock 2500€ and registration fee 330€
10. Send papers to National Board of Patents and Registration (NBPR) or leave them to Local Register Office.
11. Hire account office
12. Hire an auditor if needed
13. Take care of proper insurances
14. Concentrate to your business!
Stages in establishing a Company

Initial Business Plan, Financial Plan

Choosing the Form of Business

- Private entrepreneur
- Partnership
- Limited Company

Founding Documents
- Memorandum of Association
- Articles of Association
- Start-Up Notification Form Y1
- Trade Register’s Appendix Form 1
- Minutes of the Meeting of the Board of Directors

Financial calculations and Applications. Permits if needed.

Registration of the company, Bank account, fee and capital Stock.

Insurance
- YEL Insurance for entrepreneurs and TyEL Insurance for employees, Insurance for Company

Planning of the Accounting and auditing

Setting up business in Finland

- To set up an office in Finland is very easy.
- The Finnish limited company (Oy) registration will take 1-3 weeks only and at the time of filing the application, the company will receive VAT number and can begin operations immediately.
- BusinessOulu with its partners also offer services including: registration, opening bank account, initial book keeping, shared office facility with internet, initial legal advice, and initial translation services free of charge.
- In Oulu area, operating costs are 10-25% lower than Helsinki
- The office space available in business park ecosystems will help new companies to operate in the innovative environment
Company set up costs

- One time set up costs for a Finnish limited (Oy) company:
  - minimum share capital: 2500 euros
  - registration fee: 350 euros
  - set up service (including: corporate registration, opening bank account, initial advising) is 0-1500 Euros depending on the services needed

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