



GLOBAL EXPANSION GUIDEBOOK CORPORATE

Finland



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INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Corporate*.

GLOBAL EXPANSION GUIDEBOOK SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

CORPORATE

The *Global Expansion Guidebook – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Global Expansion Guidebook – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

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FINLAND



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FORM OF ENTITY

Limited Liability Company (*Osaakeyhtiö, Oy*)

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing general affairs of the company. Directors are elected by the shareholders of the Oy. The managing director (optional), who runs the day-to-day operations of the Oy, is appointed by the board of directors. Other officers are appointed by the board of directors or by the managing director.

Note: There are other legal forms in Finland but the limited liability company is the most commonly used.

ENTITY SET UP

Osaakeyhtiö (Oy)

- Unlimited number of shareholders
- Generally no personal liability of the shareholders
- Taxed on its earnings at a corporate level (currently 20 percent), and shareholders are taxed on any distributed dividends
- Typical charter documents include:
 - Articles of association
 - Agreement of incorporation
 - Organizational board resolutions
 - Stock certificates

- Stock ledger
- Incorporated by registration with the Finnish Trade Register (*Kaupparekisteri*)
- Board of directors has overall management responsibility; managing director has day-to-day responsibility
- Shareholders typically purchase stock in the company; separate classes of shares with different rights (eg, voting, dividends) are commonly used
- Annual report is filed annually with the Finnish Trade Register (*Kaupparekisteri*)

MINIMUM CAPITAL REQUIREMENT

Osakeyhtiö (Oy)

- Private Limited Liability Company (Oy): EUR0
- Public Limited Liability Company (*Julkinen osakeyhtiö, Oyj*): EUR80,000

LEGAL LIABILITY

Osakeyhtiö (Oy)

Shareholders of a company are generally not liable for the debts of a company aside from their financial contribution to the company.

TAX PRESENCE

Osakeyhtiö (Oy)

The profits of an Oy are taxed at 2 levels (commonly referred to as double taxation). First, the Oy pays a corporate tax on its corporate income; then shareholders pay tax on the distributed profits from the Oy. The Oy is subject to a Finnish corporate income tax rate, which currently amounts to 20 percent.

INCORPORATION PROCESS

Osakeyhtiö (Oy)

Signing of agreement of incorporation, payment of (possible) share capital and registration of agreement of incorporation with the Trade Register.

BUSINESS RECOGNITION

Osakeyhtiö (Oy)

Well regarded and widely used. Most commonly used is the private company, and mainly only listed companies are public companies.

SHAREHOLDER MEETING REQUIREMENTS

Osakeyhtiö (Oy)

Required to hold annual meeting of shareholders to vote on certain items, such as adoption of annual accounts and resolution on discharge from liability for members of the board of directors and the managing director.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Osakeyhtiö (Oy)

No statutory minimum number requirement. In practice, at least 1 meeting needs to be held yearly.

ANNUAL COMPANY TAX RETURNS

Osakeyhtiö (Oy)

Must annually file tax returns with the Finnish tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Osakeyhtiö (Oy)

Initial registration, annual filings of annual accounts and filing of changes of registered issues.

BUSINESS EXPANSION

Osakeyhtiö (Oy)

No need to change as business expands. If securities issued by the company are listed at a regulated market, then company must change its category from private to public.

EXIT STRATEGY

Osakeyhtiö (Oy)

File dissolution documents with the Trade Register.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Osakeyhtiö (Oy)

Annual shareholders' meeting, which can be completed per caputlam (ie, by written consent by all shareholders), shall be held within 6 months after the end of each financial year. Annual reports are required to be filed with the registration authority.

DIRECTOR / OFFICER REQUIREMENTS

Osaakeyhtiö (Oy)

A legal person may not serve as a director. A director must be over 18 years of age. They must not be declared bankrupt, be prohibited to carry on business or have a guardian.

For more information on directors' duties, see our [Global Guide to Directors' Duties](#).

LOCAL CORPORATE SECRETARY REQUIREMENT

Osaakeyhtiö (Oy)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Osaakeyhtiö (Oy)

In the event an Oy has no authorized representative (ie, board member, managing director or special company signatory) who is resident in European Economic Area (EU, Norway, Iceland and Liechtenstein), the board of directors shall authorize a person who is resident in Finland to act as person authorized to receive service of process on behalf of the company.

LOCAL OFFICE LEASE REQUIREMENT

Osaakeyhtiö (Oy)

Not required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Osaakeyhtiö (Oy)

Not required.

SUFFICIENCY OF VIRTUAL OFFICE

Osakeyhtiö (Oy)

An address is needed, but there are no requirements as to the presence of directors or employees at that address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Osakeyhtiö (Oy)

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Osakeyhtiö (Oy)

Allowed, but internal rules/insurance limitations may restrict law firm professionals from taking the role of a director. Even though a secretary is not required, law firms typically provide that kind of service.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Osakeyhtiö (Oy)

Shareholders: None.

Directors (unless granted an exemption by the Trade Register): At least 1 ordinary member of the board shall be resident within the European Economic Area.

Managing director and possible deputy managing director (unless granted an exemption by the Trade Register): Required to be resident within the European Economic Area.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Osakeyhtiö (Oy)

Nominee directors are not allowed.

Information about the shareholder must be entered into the register of shareholders kept by the company. If shares are issued through the book-entry system, it is not prescribed that the registered account holder is the beneficial owner of the shares.

According to anti-money laundering legislation, companies which are not publicly listed are obligated to keep records of natural persons who are directly or indirectly beneficial owners of over 25 percent of shares or votes of the company or who have de facto control in the company.

Companies which are not publicly listed are also obligated to register to the Trade Register natural persons who are directly or indirectly beneficial owners of over 25 percent of shares or votes of the company or who have de facto control in the company. Registration information is available to those who have under anti-money laundering rules right to receive that information.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Osaakeyhtiö (Oy)

Directors of the board are elected by the shareholders and are the highest authority in the management of the Oy; they govern the organization by establishing broad policies and objectives. A managing director is appointed by directors to manage the day-to-day operations of the Oy. Board of directors issues instructions regarding allocation of work between the board of directors and the managing director. The managing director is always authorized to represent the company and sign documents on its behalf in matters related to the day-to-day management of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Osaakeyhtiö (Oy)

Identity of directors and managing director is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly registered. The Oy is, however, required to disclose the share ledger (which contains identity of shareholders) to anyone upon request.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Osaakeyhtiö (Oy)

There must be a minimum of one shareholder, and there is no limitation on the number of shareholders.

Minimum director requirements: one director and one deputy director.

Where the board consists of one or two directors, at least one deputy director must be appointed. If the articles of association does not provide otherwise, the maximum number of members of the board is five. There is no maximum number of directors, which can be taken to the articles of association.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Osaakeyhtiö (Oy)

1 shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Osaakeyhtiö (Oy)

The shareholders' meeting resolves upon removal of directors. Removal of managing director requires a board resolution. Directors and managing director may furthermore resign by notifying the board.

REQUIRED AND OPTIONAL OFFICERS

Osaakeyhtiö (Oy)

Where the board consists of 2 or more directors, a chairman shall be appointed.

Managing director is optional.

The board of directors may appoint 1 or more specially authorized signatories with authority to represent and sign on behalf of the company (no decision-making powers).

BOARD MEETING REQUIREMENTS

Osaakeyhtiö (Oy)

No statutory minimum number requirement. In practice, at least 1 meeting must be held yearly. A meeting can be held by telephone or completed via consents by all directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Osaakeyhtiö (Oy)

For a shareholders' meeting, no specific quorum requirements apply. For directors, at least more than half of directors must participate in a board meeting.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Osaakeyhtiö (Oy)

Where the share capital shall be paid in cash, opening a bank account with a bank is required. The bank must be properly regulated, but it does not have to be Finnish.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Osaakehtiö (Oy)

An Oy shall have at least 1 auditor where the company fulfills more than 1 of the following conditions during the 2 most recent financial years:

- The average number of employees exceeded 3
- The company's reported balance sheet total exceeded EUR100,000
- The company's reported net turnover has exceeded EUR200,000

The appointed auditor shall be an authorized public accountant (HT or KHT) and must be resident within the EEA. Furthermore, a registered accounting firm may serve as auditor.

Accounting documents must be kept in a manner ensuring that they can be easily made available for local authorities and the auditor of the company.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Osaakehtiö (Oy)

Par value may be used but it is not mandatory.

INCREASING OF CAPITALIZATION IF NEEDED

Osaakehtiö (Oy)

The issue of new shares in relation to prior shareholdings may be decided by a simple majority of the shareholders' meeting. If the issue is not in relation to prior shareholdings, a qualified majority will be needed. The shareholders' meeting may authorize the board of directors to decide about the issue of new shares. The issue of new shares needs to be registered in the Trade Register. If the articles of association must be amended, a decision by the shareholders' meeting with a qualified majority is needed.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Osaakehtiö (Oy)

Funds can be repatriated abroad from Finland via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Osakeyhtiö (Oy)

The general rule under Finnish law is that shares may be freely transferred and acquired. Transferability may be restricted by provisions in the articles of association regarding only the pre-emption clause and consent clause. Transferability may be restricted by provisions in a shareholders' agreement.

OBTAINING A NAME AND NAMING REQUIREMENTS

Osakeyhtiö (Oy)

Company name is indicated in the articles of association. The Trade Register decides whether the name can be registered. The name must differ from other business names and trademarks in the company's line of business. The company name must include the word "Osakeyhtiö" or abbreviation "Oy," or Swedish word "Aktiebolag" or abbreviation "Ab." Public companies are required to include words "Julkinen osakeyhtiö" or "Oyj," or Swedish word "Publikt aktiebolag" or "Abp."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Osakeyhtiö (Oy)

In case the client plans to make transactions, investments, open a bank account or similar, certain KYC requirements apply.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Osakeyhtiö (Oy)

Typically, a majority of 2/3 of the votes cast as well as represented at the shareholders' meeting must formally approve any amendment of the articles of association. Some amendments, such as changes in the legal relationship between shares or restrictions on the right to transfer shares in the company, require approval by all of the shareholders affected.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Osakeyhtiö (Oy)

Typically none. Specific licenses may be required for certain types of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Osakeyhtiö (Oy)

Shelf companies can be purchased from service providers.

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