

## ONE MINUTE GUIDE TO FINNISH LAW

### Finnish Law

Finnish law is based on the civil law tradition. In Finland written laws are the highest source of law. However, customary law continues to exist and has quite strong influence in some areas, such as contract law. Finland is a member of the European Union and bound by its laws, regulations and directives.

### Setting up a Business

Limited liability company is the most common form of company in Finland and vast majority of the companies are incorporated as limited liability companies. The Finnish Limited Liability Companies Act stipulates the process of establishing a company and contains basic provision regarding the governance.

The incorporation process is relatively straightforward and often the most time-consuming part of establishing a company is opening a bank account, due to strict money laundering legislation and practices.

### Contracts

The Finnish legal system is based on freedom of contract, and there are very few contract types with specific requirement of form. The Finnish contract law is strongly guided by customary law but the general regulations regarding contracts can be found in the Finnish Contract Act.

### Employment

Finnish employment legislation provides the employees a high degree of employment protection rights. Finland has strong labor and employer unions, which have strong positions in the legislative process. Most employees and the companies are governed by the collective agreements.

### Startups

The startup scene has been booming in Finland and especially in Helsinki, which has been ranked one of the most appealing ecosystems for startups. In April 2018 Finland introduced a startup resident permit for entrepreneurs coming outside of EU countries to attract talent also from outside the country.

### Public Procurement

Finland's procurement system spends approximately €35 billion annually which is roughly 16 % of the country's GDP. The EU procurement Directives have been implemented into national legislation via three separate acts.

### Real Estate

There are no restrictions on ownership except for the province of Åland, where real estate and land ownership is restricted to residents of Åland. The acquisition and registration of real estate and liens on real estate are regulated in the Code of Real Estate. The sales agreements relating to real estates have specific form requirements.

## **IPR**

The Finnish legal system protects intellectual property rights and Finland has also adhered to most of the international agreements. Intellectual property rights must be registered to be enforced under local laws. The litigations relating to intellectual property rights is centered to Market Court which handles all disagreements relating to copyrights and industrial rights.

## **Marketing**

Finland has a developed consumer protection legislation and in addition, certain business areas, such as gambling, tobacco, alcohol and pharmaceuticals, have restrictions when it comes to selling and marketing these products.

## **Dispute Resolution**

In Finland disputes are primarily resolved in independent state courts. There are three instances of state courts and all of them rule on both criminal and civil cases. There are also certain special courts such as the Market Court which deals with market law, competition law, public procurement and civil IPR cases. Finnish court system is arbitration friendly. Finland has also ratified the New York Convention without any reservations.

Finland Arbitration Institute of the Finland Chamber of Commerce is the most notable arbitration institute in Finland and majority of international arbitrations in Finland are governed by the Arbitration Rules of Finland Chamber of Commerce.

## **Tax**

The corporation tax rate is 20 % of the corporation's taxable income which is one of the lowest corporate tax rates in the EU. Individuals staying in Finland over six months are considered residents in Finland and liable to pay taxes to Finland on their worldwide income. Foreign key employees enjoy tax relief given that certain requirements are met.

## **Finnish Culture**

Finnish business culture values modesty, honesty, equality, punctuality and trust. Business meetings and negotiations are usually to the point with little small talk and expected to start and end at the agreed. Different cultures are well respected despite Finland is a relatively ethnically homogenous country.

If you have any queries regarding Finnish law you are welcome to contact us on [helsinki@nordialaw.com](mailto:helsinki@nordialaw.com) or via [www.nordialaw.com](http://www.nordialaw.com).

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