



The Private Limited Liability Company in Finland (Oy, Osakeyhtiö)

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Establishing a company in a foreign country can be challenging in terms of designing the legal structure and organising a streamlined and efficient incorporation process. Alliuris member firms provide corporate legal services, in particular for the formation of companies in their home country.

This article provides a brief overview of the legal form of a limited liability company in Finland.

The Osakeyhtiö (Limited Liability Company)

The Finnish *Osakeyhtiö* (private limited liability company), abbreviated **Oy**, is the predominant legal form for business operations in Finland. It is flexible, predictable, and suited for both established corporations and new ventures. The Oy is a separate legal entity, capable of acquiring rights and obligations independently of its shareholders. Finnish company law emphasises corporate transparency, creditor protection, and clear internal governance.

Oys are widely used by international groups when entering the Finnish market due to the straightforward incorporation process, lack of minimum share capital, limited liability of the shareholders and the stable regulatory environment.

Choice of Seat and Place of Incorporation

An Oy must have its registered office in Finland. The registered office shall be a municipality in Finland and it must be determined in the company's articles of association. The company does not need to have a physical office, but either a visiting

address or a postal address, which can be a c/o address, shall be registered with the Finnish Trade Register (*Kaupparekisteri*) maintained by the Finnish Patent and Registration Office (*Patentti- ja rekisterihallitus / PRH*). The registered office determines the place for the annual general meetings, unless otherwise is provided for in the articles of association.

Finland applies a fully harmonised legal framework without regional variations. Companies therefore base their location decisions on commercial criteria such as logistics, labour availability, taxation of employees, and proximity to customers or suppliers.

While municipalities do not offer varying corporate income tax rates, Finland operates national and regional business incentive schemes, mainly for technology, clean energy, R&D, and export-oriented industries. The national innovation agency, *Business Finland*, also provides grants and loans for eligible projects. Municipalities may also offer properties for lease for businesses.

Shareholder

An Oy may be established by one or more shareholders, with no nationality or residency restrictions. Both natural persons and legal entities may act as founders.

Shareholders' liability is limited to their capital contribution. Finnish company law allows private companies to remain closely held. The articles of association may require consent for new shareholders, or provide right of first refusal in connection with share transfers.

General meetings may be held physically, electronically, or as hybrid meetings. However, holding general meetings exclusively by electronic means requires a particular provision in the articles of association. The annual general meeting must be held within six months after the end of the financial year, in addition to which extraordinary general meeting may be held. Written shareholder decisions are common in single-shareholder or group-owned companies to replace actual general meetings.

Management

Management consists of a board of directors and, optionally, a managing director (CEO).

- The board must consist of at least one member, and a deputy must be appointed if the board has fewer than three members.
- At least one board member and, if deputy board members are appointed, at least one deputy, must reside in the European Economic Area (EEA). The same requirement applies to a managing director as well, should a managing director be appointed. Non-EEA residents require a residency exemption from PRH, usually granted to Swiss residents and to Finnish or US citizens residing in the United States.

The board is responsible for strategic decisions, supervision, and ensuring legal compliance. The managing director, if appointed, handles daily operations under the board's oversight. The managing director may reside abroad (within the EEA or provided

that a residency exemption is granted), but many businesses appoint a local managing director for operational efficiency.

Board minutes and written resolutions must be kept with corporate records.

Formation

The founding documents consist of:

- a memorandum of association signed by all founders
- articles of association containing the company name, registered office, and line of business as the only mandatory provisions. In addition, the articles of association may include provisions on several topics, such as consent and right of first refusal clauses, different share classes, representation rights and decision making.

Finland imposes no notarial requirement. All documents may be signed electronically. All documents should be drafted in Finnish or in Swedish. In case of any other language, authorized translations shall be provided to PRH.

After preparing the documents, a notification is submitted to the Finnish Trade Register. The notification is completed via a joint form so that the company will be registered with the Finnish Tax Administration simultaneously. Incorporation typically takes two to four weeks, depending on PRH processing times. The incorporation notification is filed electronically, which requires a strong electronic identification issued in Finland or certain other EU countries. Should none of the directors of the company have an applicable identification device, the company must, in practice, authorize a Finnish contact person, e.g. an attorney or an accountant, to file the incorporation notification.

Bank account

A bank account is always required when share capital is contributed upon the incorporation, and in practice required even when the company is incorporated without share capital, in which case a bank account can be opened before or after the registration. Finnish banks apply stringent due-diligence checks, including verification of beneficial owners, business purpose, and expected transaction volumes. Account-opening may take additional time for companies with non-EEA owners and it is not unusual that the fees charged can be substantial.

Share Capital

The Oy has no minimum share capital requirement. This provides flexibility for startups and foreign subsidiaries and in most of the cases it makes sense to incorporate the company without share capital.

Should share capital be contributed, a certificate by an auditor (if one has been appointed) or bank account statements evidencing the payment shall be provided to the Finnish Trade Register upon incorporation.

Shares are issued as registered shares recorded in the company's own share ledger. The Oy form does not allow bearer shares or public trading.

Registration with Other Authorities

Depending on the industry, additional permits, registrations or notifications may be required. Examples of such industries are financial institutions and banking, insurance, healthcare and social services.

Any company hiring employees must register with the Finnish Incomes Register and arrange the statutory pension insurance (*TyEL*). Employers must also obtain statutory accident insurance and unemployment insurance coverage from approved providers.

Tax Registration

The Oy must obtain the following registrations:

- Corporate income tax: automatically registered upon incorporation
- VAT registration: mandatory if turnover exceeds EUR 20,000; voluntary registration available
- Employer registration: required before paying salaries

In addition, registration with the prepayment register is highly recommended as otherwise the payers of the company's invoices would have to withhold tax from the payment and disburse it to the Finnish Tax Administration. Finland uses real-time wage reporting to the Incomes Register, which feeds salary data directly to tax and insurance authorities.

Anti-money Laundering Measures

Finnish AML law requires companies to identify and register their beneficial owner (anyone holding more than 25% or otherwise exercising control). The company must maintain internal documentation and file changes promptly. Authorities may request additional information if foreign ownership or complex structures are involved.

Foreign Investment Control

Finland's investment regime is open; however, certain acquisitions by non-EEA investors require screening. These sectors include:

- defence and dual-use goods
- critical infrastructure (data, telecom, energy, transport)
- security-related technology

- real estate

Approvals are issued by the Ministry of Economic Affairs and Employment. Screening applies mainly to acquisitions of control, not ordinary greenfield incorporations.

Customs (Export / Import)

Companies engaged in customs activities must register for an EORI number, required for trade with non-EU countries. Finnish Customs offers electronic systems for import declarations, export documentation, and special procedures such as bonded warehousing.

Bank Account

Finnish banks must comply with strict AML and “know your customer” rules. As a result, banks usually require:

- identity verification of shareholders, directors, and UBOs
- clear description of business activities and expected operations
- corporate documents and group structure charts

Foreign-controlled companies should expect a longer onboarding process, especially when persons involved reside outside the EEA.

Accounting

Oys must follow the Finnish Accounting Act and generally accepted accounting principles (Finnish GAAP). The financial year is usually 12 months.

The company must prepare and file annual financial statements with PRH. These include:

- balance sheet
- profit and loss account
- notes to the accounts
- activity report (required for larger companies)

Companies meeting size thresholds must appoint an auditor. Smaller companies may opt out, unless their articles of association require an audit.

Corporate Tax

The corporate income tax rate in Finland is 20%. Corporate tax is paid as prepayment in several instalments throughout the tax year.

Finland provides a wide double-tax treaty network, supporting cross-border structures and reducing withholding taxes. Dividends, interest, and royalties may be subject to withholding depending on domestic law and applicable treaties.

Thin capitalisation and transfer pricing rules apply. Companies must retain transfer pricing documentation if they engage in intra-group transactions.

Trade and Turnover Tax (VAT)

Finland applies the following VAT rates:

- **25.5%** standard rate
- **13.5%** for foodstuffs, restaurant services, pharmaceuticals, passenger transport, sports and cultural services, accommodation services as well as certain other goods and services.
- **10%** for newspapers and magazines, both printed and electronic publications

VAT returns are filed monthly, quarterly, or annually depending on turnover. The tax authority operates a fully digital system for reporting.

Formation Expenses

Formation expenses include the registration fee (currently EUR 400) and the possible fee for applying for exemption for non-EEA resident board members or managing director (EUR 150 per person) payable to the Trade Register and possible other fees for legal advice, banking, and services provided by accountants and auditors.

Since no notary or legalization is required, the cost level is predictable and moderate. The incorporation documents must be provided to PRH in either Finnish or Swedish language. Hence, it is recommended to draft the documents in either of the two languages in the first place so as to avoid translation fees.

Staff

An Oy may employ Finnish or other EU nationals. Specific rules apply for employing non-EU nationals. Employment relationships must comply with:

- mandatory laws and regulations on e.g. employment contracts, working time, annual leave and occupational safety
- sectoral collective agreements, many of which also apply to employees of non-unionised employers

- statutory social security contributions, which are significant and shared between employer and employee

Finland has a highly educated workforce and strong labour-law protections. Employers must implement occupational safety measures and maintain systematic HR documentation.

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