Koronavirus – usein kysytty kysymyset ja vastaukset

What employment legislation changes came into force?
The coronavirus is spreading in the community in Finland:
   What should be done in the workplace?
   Employment, salary payment, remote work and quarantine
   Questions about laying staff off
   Questions about annual leave
   Questions about Act on Co-operation within Undertakings
   When an entrepreneur falls ill or goes into quarantine
   General housing allowance, social assistance,
       unemployment benefit and initial funding ("starttiraha")
       for entrepreneurs
   Questions about business operations
   Contracts between companies
   Contracts between a company and consumers
   Businesses’ insurance policies
   Paying rent on business premises
   Questions about the wider economic situation
   Questions about taxation
   Questions about financing
What has the government decided about changes to employment legislation, when will they come into force and how will they take effect?

In a press conference on Friday 20 March 2020, the Finnish government announced measures aimed at protecting livelihoods and companies’ payment capacity in the difficult situation caused by coronavirus. As part of the measures, the government announced changes to employment legislation.

In June, the Finnish Parliament voted on extending the temporary amendments until the end of 2020. The changes are as follows:

1. **Shorter minimal negotiation periods per the Act on Co-operations within Undertakings**

   The minimal negotiation periods under the Act on Co-operations within Undertakings in a lay-off situation will be shortened from the current 14 days and six weeks to five days each.

2. **Right to lay-offs to include fixed-term employment contracts**

   The right to lay-offs will be extended to employees on fixed-term contracts to the same extent as they apply to permanent contracts.

   In a lay-off situation, the employee also has the right to unemployment benefit and the right to cancel the employment contract, regardless of its fixed-term nature.

3. **Shorter lay-off notification period**

   The lay-off notification period pursuant to the Employment Contracts Act will be reduced from 14 days to five. The change does not affect collective bargaining agreements; instead, the employer must observe the lay-off notice period stated in the agreement, even if it is longer than five days. Temporary rules on shorter lay-off notice periods have been included in some agreements.

4. **Expansion of cancellation of probation period**

   Probation periods may also be cancelled because of production and financial reasons.

   At the same time, rules will be changed so that people who are on dismissed when on probation will not have to go through a waiting period before receiving unemployment benefit.

5. **Extension of rehiring obligation**

   The rehiring obligation will be extended to nine months if the employee is dismissed at this time when changes are being made to fixed-term employment legislation.
Check the applicable collective bargaining agreement

Temporary changes have been agreed to some collective bargaining agreements, including shorter lay-off notification times and durations of redundancy negotiations. You can find more information about lay-off and redundancy negotiation periods on the [Suomen Yrittäjät coronavirus information site](https://www.yrittajarivirasto.fi/coronavirus) under “Temporary changes to collective bargaining agreements”.
Coronavirus is still spreading. What should be done in the workplace?

How should workplaces prepare for the spread of the coronavirus?

All workplaces should closely monitor the situation and adjust their preparedness level in accordance with the situation and official instructions. The foreign ministry recommends against all foreign travel. You should also keep track of any travel restrictions within Finland.

What actions should be taken in the workplace if a worker is suspected to have been infected by the coronavirus infection? How do I pay salary during sick leave?

It is a good idea to use a self-notification system for sick leave. For example, an employer could decide that employees can stay at home as soon as symptoms develop. They can then get in touch, on the phone or via apps, with their local hospital, their occupational health service provider or the emergency department of their local health centre. An employer does not then necessarily have to demand that employees present a doctor’s note for short absences in a situation like this.

It is worth considering that in sick leaves, the sickness allowance qualifying period (1+9 days) begins when the employee has notified his or her employer about sick leave in the agreed way, that is, by notifying them personally or by presenting a nurse’s note. If the employee is unable to work for longer than the qualifying period per the Health Insurance Act, he or she must present a doctor’s note about incapacity to work.

Under the Employment Contract Act, an employer is obliged to pay an employee salary for the qualifying period mentioned above, i.e., until the end of the ninth day following the day the employee falls ill. In employment that has lasted under a month, the employee has the right to 50% of his or her salary. During the qualifying period, the employer does not receive any compensation for salary expenses from Kela.

Collective bargaining agreements usually oblige to pay salary during sick leave for longer than this. Kela pays sickness benefit to an employer if the employer has paid an employee for time off work after the qualifying period. The employer must apply for payment of this sickness benefit within two months of the start of work incapacity. Read more on the Kela website: https://www.kela.fi/web/en/sickness-allowance-employees
Is an employer entitled or obliged to make an employee take a test for COVID-19? Who pays for the test?

As a general rule, an employer is not obliged to make an employee take a test for COVID-19. However, if the employee’s duties include close contact with people, there could be grounds for making him or her take a test. Testing could help guarantee both employees’ and customers’ safety in the workplace.

If an employer makes an employee take a test for COVID-19, the employer is obliged to pay for it, as with all occupational healthcare costs generally. An employer may pay for an employee’s COVID-19 test, if the nature of the work necessitates testing, even if the employer does not specifically make the employee take a test.

Employers are entitled to occupational healthcare reimbursements for tests for COVID-19 and antibodies. This has been the case since 1 April 2020, provided that the employer’s contract with its health services provider covers medical treatment and the related laboratory tests. Furthermore, the employer and service provider must agree in writing on COVID-19 and antibody tests before testing begins. The costs fall into reimbursement category II. The sampling criteria of the Institute for Health and Welfare (THL) and the Ministry of Social Affairs and Health and other official regulations and instructions must be followed for the employer to receive reimbursement.

Also note that if an employee needs to be tested to be able to do his or her job, the employer can claim the testing costs as tax deductions.

If an employee tests positive for COVID-19 after having been at work without knowing about his or her condition, should the business close its doors until everyone has been tested? In this situation, does a business owner have to pay everyone’s wages?

There is no obligation to interrupt business activities. In this situation, everyone who was exposed to the person with COVID-19 on the premises should consider taking a test. Businesses should also think about ways to protect employees’ and customers’ safety.

An employer is only obliged to pay wages when the employee does not work in the case of illness or incapacity to work. An employer must also pay wages when it orders an employee to leave the workplace. If an employee decides not to work, the employer does not have to pay wages.
If a nursery school forbids a business owner’s child with a runny nose from coming to the premises until the child has received a negative COVID-19 test result, what happens to the business owner’s income?

No benefits exist for this situation. An entrepreneur stays at home to care for the child at his or her own expense, as in normal situations concerning ill children.

However, the guardian of a child aged under 16 may receive infectious disease sickness allowance in a quarantine situation (see the next question).

When can an entrepreneur or employee receive infectious disease sickness allowance?

Kela can pay infectious disease sickness allowance when the person has been ordered to stay away from work, isolated or quarantined to prevent the spread of an infectious disease, such as COVID-19. An infectious disease physician in a municipality or hospital district makes such a decision.

There is no qualifying period for the infectious disease sickness allowance. It can only be paid for the days when the person could not work because of quarantine or isolation. The allowance is thus not paid in positions where the work could be done remotely, for example.

Infectious disease sickness allowance is not paid when the person chooses to stay at home or away from work, or for any reason other than a medical officer’s (or nurse’s, doctor’s or employer’s) decision, such as waiting for a COVID-19 test result.

The guardian of a child aged under 16 may receive infectious disease sickness allowance if the child has been ordered to stay at home because of an infectious disease, and the parent cannot thus work.

Who can get sickness allowance and when?

A person who has been declared incapable of working, and who has been incapable of work for at least the qualifying period, can get sickness allowance. For entrepreneurs insured under YEL, the qualifying period is the day that the entrepreneur falls ill. “Working days” mean Monday–Saturday, excluding public holidays.

If an entrepreneur is not insured under YEL, the qualifying period is the day he or she falls ill and the following nine working days. This is the same qualifying period as for employees; however, employees receive wages for at least the first ten days of work incapacity. The name of the benefit paid for this “general qualifying period” (illness days 2–10) to entrepreneurs is YEL allowance. If the illness lasts longer, this allowance becomes sickness allowance after the general qualifying period.
To receive the YEL allowance, you must obtain a nurse's note proving incapacity to work, at the very least. To receive sickness allowance, you must generally obtain an A note ("A-todistus") from a doctor for the first 60 days of work incapacity, and a more extensive B note ("B-todistus") after that.

If the employee is incapable of working for longer than the qualifying period for the sickness allowance, and the employer is still obliged to pay the employee during work incapacity, then the employer can receive the sickness allowance. Where entrepreneurs are concerned, the allowance cannot be paid to the business.

An entrepreneur may receive sickness allowance while waiting for the results of a COVID-19 test, if a doctor or nurse declares him or her incapable of working based on the symptoms.

How must the employer ensure occupational safety during the epidemic?

During the epidemic, an employee does not have the right to absence from work based on the risk of infection. However, employers must ensure that their employees can perform their duties safely and must take efforts to reduce the risk of illness. Employers must consider the work itself, working conditions and the rest of the working environment, just as they must consider each employee's personal circumstances. In an epidemic situation, employers must, where possible, consider the risk of infection when arranging work.

If remote work is impossible, employers can prevent infection through work arrangements and instructions (particularly hygiene instructions). Employers must provide protective equipment for employees when their work duties carry a substantial risk of infection. However, employers are not generally obliged to move employees to different duties (for example, away from customer service) because of an infection risk, unless there is specific reason for doing so.

If an employee is in a risk group because of age or underlying medical condition, the employer should, when necessary, try to arrange work duties to minimize infection risk, without affecting the performance of duties.

Who can process data related to an employee's sick leave due to a coronavirus infection?

An employer is entitled to process data related to an employee's health, if the data were gathered from the employee himself or herself or with his or her written consent. An employer can also process data if processing the data is necessary to pay sick leave salary, to enable the payment of health-related benefits, or to establish whether there is a justifiable reason for absence from work.

The employer must appoint the people who will process the data and define the tasks which include processing of health data. This right to processing cannot be given to anyone at all: the person nominated as processor must have a genuine need to access the data. The group must be as limited as possible. In practice, it must only include people whose work tasks can justifiably
include health data processing, such as supervisors, HR managers and payroll accountants. Data processors may not tell others about the data they process.

Read more on the Data Protection Ombudsman's website.

Can an employer tell other employees about an employee’s coronavirus infection?

An employer is generally not entitled to tell, express or disclose information about an employee’s sick leave, or the reasons for it, to other employees or to anyone outside the organization, even if the information could be useful in the workplace. We recommend informing your employees simply by saying that a certain employee is absent. This naturally also applies to coronavirus situations.

Read more on the Data Protection Ombudsman's website.
Employment, salary payment, remote work and quarantine

Can I cancel an employment contract I signed with an employee when he or she is due to start work in two weeks?

An employment contract cannot automatically be cancelled, even in the coronavirus situation. However, an employment contract that has already been concluded may be cancelled if the company has production and financial grounds for doing so and the work being offered has been substantially and permanently reduced. Furthermore, an employer may lay off an employee with whom it has signed an employment contract when it observes the normal lay-off notification procedures.

Note the following when cancelling an employment contract. If the notice period for dismissal is longer than the time left until employment would have begun, the employer must as a rule pay salary, and the employee must work, from the agreed start of employment until the end of the notice period. However, in both cases, it is more sensible for both parties to agree that the employment contract will terminate before the employment start date.

If you have signed a fixed-term contract with an employee, you cannot cancel it in this situation either. However, you can lay off an employee on a fixed-term contract, regardless of the contract, if the lay-off begins between 1 April and 31 December 2020. In normal circumstances, a fixed-term employee can only be laid off if the basis for the fixed-term contract is substituting another employee and the permanent employee being substituted could have been laid off.

Can I cancel an employment contract with an employee during his or her probation period on production and financial grounds caused by coronavirus?

Yes. Under the temporary change to the Employment Contracts Act which entered into force on 1 April 2020, an employee’s contract may be cancelled during the probation period on production and financial grounds. Cancelling a contract during the probation period on production and financial grounds is generally not possible, but because of the state of emergency caused by coronavirus, the law was changed to make it temporarily possible until 31 December 2020. There is no obligation to rehire even if you would have cancelled the contract on production and financial grounds.

During the probation period, either party may cancel the employment contract. However, an employment contract may not be cancelled on discriminatory grounds, or on any other inappropriate grounds, given the purpose of the probation period. Cancelling an employment contract during the probation period means ending the contract immediately without a notice period.
However, there are some limitations. There is no right to cancel the contract if you can transfer the employee to, or train for, other duties than the ones that are being terminated on production and financial grounds. Nor can you cancel an employment contract during a probation period when you have hired a new employee for the same kind of work, either before the probation-period contract cancellation or afterwards, even if the conditions for hiring him or her have not changed in that period. Nor can you cancel the contract during probation when re-arranging work has not caused any real reduction in the amount of work.

However, the change in legislation does allow employers to cancel apprentice employees’ contracts during probation periods on production and financial grounds.

**Does an employer have the right to lower employees’ salary if the company's financial situation deteriorates because of the coronavirus?**

Salary is based on an employment contract and/or the provisions of a collective bargaining agreement. As a general rule, the employer does not have the right to unilaterally change essential terms of an employment contract, such as salary. If an employer wants to reduce an employee’s salary, that requires a financial or production basis for termination. In addition, legal practice has shown that salary reduction can be deemed appropriate in situations where, combined with other measures, it proves inevitable for securing the operating conditions of a company in financial difficulties.

However, nothing prevents an employer and employee agreeing on lower salary. This has to be agreed separately with each employee, however. An employee representative does not have the right to agree on lowering employees’ salaries with an employer without specific authorization from the employees or reference to a provision of a collective bargaining agreement. The parties cannot agree to lower salary below the minimum level set by the collective bargaining agreement. Also, exceptions cannot be legally made to statutory overtime and additional Sunday pay. An employer should also check the applicable collective bargaining agreement for a “crisis clause” which allows special actions in a difficult economic situation. The most important thing is for the company to seek commonly acceptable solutions that allow it to come through this difficult situation. In addition, an employer normally has the possibility to lay off employees for financial reasons.

**Can an employer send an employee into unpaid quarantine if he or she comes back from a trip abroad?**

A senior infectious diseases doctor nominated by the municipality or hospital district decides on isolation and quarantine. Thus, employers and occupational health services providers cannot officially quarantine an employee. An employer can, as in any other situation, tell an employee to stay at home, but will still have to pay salary, as normal. We recommend seeing whether your employee can work remotely after coming back from his or her trip.
Can an employer forbid an employee to travel to coronavirus infection areas? What are the employer’s salary payment obligations, if employees travel abroad and fall ill?

An employer can ask its employees to seriously consider whether it is worth travelling to high infection-risk areas, but as a general rule it cannot stop an employee from travelling on his or her own time. You can always give recommendations. The employer always decides about work trips.

Under the Employment Contracts Act, an employer is not obliged to pay salary if the employee has caused his or her incapacity to work willingly or by gross negligence. If an employee has, contrary to the employer’s request, travelled to an area which an authority (the foreign ministry) has recommended against travel to, the employer must assess whether the employer has caused his or her own illness through gross negligence. If that is the case, it is possible that the employer is not obliged to pay salary during sick leave.

If an employee tests positive for COVID-19 after having been at work without knowing about his or her condition, should the business close its doors until everyone has been tested? In this situation, does a business owner have to pay everyone’s wages?

There is no obligation to interrupt business activities. In this situation, everyone who was exposed to the person with COVID-19 on the premises should consider taking a test. Businesses should also think about ways to protect employees’ and customers’ safety.

An employer is only obliged to pay wages when the employee does not work in the case of illness or incapacity to work. An employer must also pay wages when it orders an employee to leave the workplace. If an employee decides not to work, the employer does not have to pay wages.

Does an employer have to pay wages to an employee while he or she is waiting for a COVID-19 test?

If an employee does not work, and is not ill or incapable of working, the general rule is that the employer does not have to pay wages. If, on the other hand, the employer tells the employee to stay away from work while he or she awaits a test and the test results, the employer must pay wages for this period. If an employee can work remotely, it is worth taking advantage of this possibility.

Does it make a difference whether an employee caught the infection while on holiday or in some other unknown location?

The obligation to pay salary does not depend on where the infection came from. What is important is whether the employee is ill or incapable of working.
In some situations, an assessment may be needed of whether the employee increased his or her chances of catching the infection, such as by travelling to a high-risk area. By law, an employee does not have the right to sick pay if he or she has caused his or her incapacity to work intentionally or through gross negligence. Collective bargaining agreements regulate the requirements for awarding sick pay. As a general rule, travel does not mean intent or gross negligence, even if a person catches the infection while travelling.

If an employee has been abroad, is the employer obliged to pay wages during self-imposed quarantine?

At present, the Finnish government has recommended against unnecessary travel to certain countries. The country-specific restrictions can be found on the website of the Institute for Health and Welfare (THL).

Here, we are talking about a recommendation, which is not binding. However, there is good reason for following this recommendation, as it aims to prevent the spread of this infectious disease. If an employee can work remotely, it is worth taking advantage of this possibility. If remote work is not possible, an employer may require an employee without symptoms to return to work as normal. In this case, however, use careful discretion. It is important for everyone in the workplace to know the government’s and other authorities’ recommendations and how they affect the employer’s and employees’ rights and obligations.

If an employee has, against recommendations, travelled to an area covered by travel and immigration restrictions, comes back and cannot work, even without symptoms, because of the government recommendation, the employer is not obliged to pay salary. An employee is not entitled to decide independently to stay home without symptoms on full salary. Instead, the matter always has to be agreed with the employer. If the employee falls ill, the employer pays salary per the collective bargaining agreement and other regulations.

An employer can ask its employees to seriously consider whether it is worth travelling to high infection-risk areas, but as a general rule it cannot stop an employee from travelling on his or her own time. However, an employer can make recommendations. The employer always decides about work trips.

How should an employer act when a nursery school or school forbids a child with a runny nose from coming to the premises until it has received a negative COVID-19 test result? Does the employer have to pay its employees when they are forced to be at home with their children?

An employee has the right to temporary child-care leave, for up to four working days, if his or her child or other permanent member of the household aged under 10 suddenly falls ill. The purpose of this leave is for the employee to arrange treatment for the child. Under the Employment Contracts Act, this leave is unpaid, but under several collective bargaining agreements the
employee is entitled to paid child-care leave for no more than four days. In this respect, it is always important to check the regulations of the collective bargaining agreement that the employer is bound by.

However, the paid leave under the collective bargaining agreements only applies when the child is ill. If an employee's child is suspected to have COVID-19 and the nursery school refuses admission before test results are known, the employee may still be entitled to be off work to care for the child without the employer having to pay wages.

If an employee needs to be away from work to care for a family member or other close person, the employer must try to arrange duties so the employee can take some time off work temporarily. The employer and employee agree on the duration of the leave and other arrangements. On the employer's request, an employee must explain his or her leave and the reasons for returning from it. An employer is not obliged to pay salary for the leave described above. If an employee can do remote work during an absence, the employer must naturally pay wages for the time worked.

Is an employer obliged to pay salary if a parent voluntarily stays at home to take care of a child the authorities have quarantined?

If an employee needs to be away from work to care for a family member or other close person, the employer must try to arrange work so the employee can take some time off work temporarily. The employer and employee agree on the duration of the leave and other arrangements. On the employer's request, an employee must explain his or her leave and the reasons for returning from it.

An employer is not obliged to pay salary for the leave described above (except for any remote work). A parent or guardian of a child aged under 16 who has been ordered to stay at home to prevent spread of a disease, who cannot thus work, is entitled to the infectious diseases sickness allowance paid by Kela.

On 16 April 2020, the Finnish government proposed a bill to parliament on temporary financial support for people who are temporarily out of work without pay because of the coronavirus epidemic. The bill intends to compensate parents for the loss of salary and secure their livelihoods when they have followed the government’s state-of-emergency recommendations and kept their child at home when the child would otherwise be entitled to attend nursery school or receive classroom teaching at school during the state of emergency. People who have returned to Finland from abroad and have been placed in quarantine conditions to tackle the coronavirus epidemic, causing them to be out of work without pay, can also receive the benefit. The benefit is €28.94 per weekday. The law is being applied retroactively from 16 March 2020 and will be in force until the end of August 2020.

The benefit recipient must be an employee or a civil servant, meaning entrepreneurs are not entitled to it. However, a temporary change in the law means entrepreneurs are entitled to labour market support, including in situations where their main livelihood ends because of care for children at home due to the coronavirus situation.
Is an employer obliged to pay salary when the authorities close a nursery school or school and a parent stays home to care for a child?

An employee can stay home to care for his or her child on agreement with the employer in this case too. An employer is not obliged to pay salary for this time off work (except for any remote work). We have already described above a Kela benefit that a parent may be entitled to if he or she is forced to be at home, off work and without pay, caring for a child.

People returning from epidemic areas must agree on their date of return to work and absence (of two weeks) with their employers. Is an employer obliged to pay salary if an employee without symptoms stays at home because of a recommendation?

Here, we are talking about a recommendation, which is not binding. However, there is good reason for following this recommendation, as it aims to prevent the spread of an epidemic. If an employee can work remotely, it is worth taking advantage of this possibility. If remote work is not possible, an employer may require an employee without symptoms to return to work as normal. In this case, however, use careful discretion.

It is important for everyone in the workplace to know the government’s and other authorities’ recommendations and how they affect the employer’s and employees’ rights and obligations. If an employee has, against recommendations, travelled to an epidemic area, comes back and cannot work, even without symptoms, because of the government recommendation, the employer is not obliged to pay salary.

An employee is not entitled to decide independently to stay home without symptoms on full salary. Instead, the matter always has to be agreed with the employer.

If the employee falls ill, the employer pays salary per the collective bargaining agreement and other regulations.

It was possible for an employee to receive temporary “epidemic support” when he or she had followed government COVID-19 recommendations when caring for a child, who was entitled to on-premises early childhood or compulsory school teaching, during the state of emergency. People who returned to Finland from abroad and were placed in quarantine conditions to tackle the coronavirus epidemic, causing them to be out of work without pay, could also receive the benefit. The law on “epidemic support” mentioned above was in force until the end of August 2020, but it was not extended.

Is an employer obliged to pay salary if a contractual partner says that workers cannot enter a building site for two weeks after a foreign trip?

In this situation the employer should work out if it can offer employees other work. Under the Employment Contracts Act, however, an employer must pay salary for up to 14 days when an
employee is prevented from working because of an obstacle at the workplace that does not depend on the employee and employer. If an employer’s contractual partner blocks employees' access to a building site (and the employer cannot offer them any other work for that time), this rule may be applied. In this case, the employer only has to pay salary for two weeks.

In such a situation, you should always talk to your contractual partner about compensating the companies’ losses and how a ban on employees entering a building site could affect the fulfilment of contractual obligations.

What remote work practices can a company start using and what do you recommend?

Every company should go through its own remote work practices based on its operating possibilities. If the work can be done remotely, we recommend that it is.

Can an employer require employees to take work tools home at the end of the day to ensure work can be done remotely in the event of quarantine?

If remote work has been agreed, employees will naturally need their work tools at home. Employers should instruct their employees about how remote work will work in practice. A natural part of this is instructing them to take their work tools home with them from work.

Can an employer ban an employee from coming to work or order him or her to work remotely?

A senior infectious diseases doctor appointed by the municipality decides on isolation and quarantine. Thus, employers and occupational health service providers cannot send an employee into quarantine. As in any other situation, an employer can order an employee to stay at home, but if the authorities have not quarantined him or her, the employee’s salary must be paid.

It is possible to instruct an employee to work remotely if remote work can be considered a normal work practice and the employee has everything necessary to work remotely.
Questions about laying staff off

How do lay-offs happen?

A lay-off means temporarily halting work and the payment of salary while the employment contract otherwise remains in force. It is based on an employer’s decision or a contract that is signed on the employer’s initiative.

The employer informs the employees of a lay-off, using a lay-off notice, at least 5 days before the start of the lay-off. This new, five-day lay-off notice period is based on the temporary amendment to the Employment Contracts Act which came into force on 1 April 2020. It is in force until 31 December 2020. If you, as an employer, are bound by a collective bargaining agreement, the lay-off notice period is always determined by that agreement. In some sectors, the lay-off notice period in the collective bargaining agreement has been reduced to three days. In many agreements, however, the lay-off notice period is longer than five days (e.g. 14 days), and employers must adhere to that longer period instead of the statutory, shorter period. You can find more information about lay-off notice periods per collective bargaining agreements in this document and on the Suomen Yrittäjät coronavirus information site under "Temporary changes to collective bargaining agreements".

Example: When the rule is 5 days’ notice, the period is calculated as follows. The employer gives notice of lay-offs on Wednesday 1 April. The first day of the lay-off is Monday 6 April.

If the employer gave notice of lay-offs before 1 April 2020 and the notice period has not yet ended, it may lay off employees when at least five days have passed since notice was given. However, employers must tell employees about the shortened notice period no later than the day before the lay-off period begins.

The five-day lay-off notice period, under the Employment Contracts Act, is in force until 31 December 2020.

You should provide the lay-off notice in writing, even though the law allows you to inform employees about lay-offs in person. The Suomen Yrittäjät document bank has a lay-off notice template. A lay-off notice must include the basis for the lay-off, its start date, and duration or estimated duration.

Before providing lay-off notice, an employer must present the employees with a prior clarification of the planned lay-off. This prior clarification may also be given in writing. The prior clarification must contain

- the basis for the lay-off
- estimated extent
- way in which lay-offs will occur
- start date
- duration or estimated duration

After providing the prior clarification, and before the lay-off notice, the employer must give the employees or their representative a hearing on the clarification. There are no rules about the time between the prior clarification, hearing and lay-off notice. That means a lay-off notice can be given after the prior clarification and hearing.

Companies which regularly employ at least 20 employees do not have to provide a prior clarification or give employees a hearing. In these small companies, the procedures laid down by the Act on Co-operation within Undertakings apply. This file has more information about that below.

Can an employer diverge from the statutory lay-off notice period or collective bargaining agreement if work is prevented by the coronavirus?

Under the Employment Contracts Act, an employer must give an employee 5 days' notice of the start of a lay-off. The lay-off notice period may also be determined by the collective bargaining agreement which governs the employment contract. As a general rule, exceptions cannot be made to this notice period. This five-day notice period is now temporarily being used because of coronavirus until 31 December 2020.

However, an employer and employee can agree on a temporary lay-off when it is necessary because of the employer’s financial or production situation. If this is agreed, the lay-off notice period under the law or collective bargaining agreement does not need to be followed. In addition, the collective bargaining agreement may provide for breaking off lay-offs, so it is always worth checking the agreement.

Can the start of the lay-off be delayed or the lay-off cancelled if the situation changes?

By law, the only way to change the start date of a lay-off is to cancel the lay-off and give notice of a new lay-off, while following the statutory notice procedure, unless otherwise provided for by the collective bargaining agreement. An employer and employee may, however, always agree on moving the start of a lay-off. A lay-off that has already been announced can be cancelled at any time before it begins.
Can a lay-off be interrupted, and how, if the situation changes?

The law does not allow for unilateral interruptions to lay-offs. Thus, an employer cannot unilaterally order an employee to return to work during a lay-off and then have the lay-off continue after the employee has worked for a while. However, the employee and employer can always specifically agree on interrupting the lay-off. If an employer wants to unilaterally interrupt a lay-off, it must call the employer back to work and after that, if necessary, announce a new lay-off using the normal notification procedure.

A collective bargaining agreement may, however, have provisions for interrupting a lay-off. If the collective bargaining agreement allows it, the lay-off can be interrupted because of temporary work. After that, the lay-off can continue without a new lay-off being notified.

How are employees to be laid off chosen? Is there a lay-off priority?

The law says nothing about the order in which employees should be laid off. That means length of service does not affect lay-off priority, for example. The employer chooses which employees to lay off. A general premise is that key personnel who are most important for the company’s operations are laid off last. The collective bargaining agreement may have rules about lay-off priority, so always check it. Employees cannot be chosen for lay-offs on a discriminatory basis, such as age or sex.

Can employees on fixed-term contracts be laid off in this kind of special case?

Under the amendment to the Employment Contracts Act which came into force on 1 April 2020, employers may lay off employees on fixed-term contracts on the same grounds as permanent ones. They can also lay off apprentices who are on fixed-term contracts. This exception is in force until 31 December 2020.

When it expires, the main rule of the Employment Contracts Act will be in force again. It states that an employee on a fixed-term contract may only be laid off if he or she is substituting a permanent employee and the employer could have laid off that permanent employee if he or she were in work.

What do I do, if as an employer I want to make changes (such as laying off, dismissing, etc.) to an apprentice’s fixed-term employment?

The same rules apply to apprentices on fixed-term contracts as they do to others on fixed-term contracts. In this regard, the answer to the last question about lay-offs applies.

As a general rule, an apprenticeship, as a fixed-term contract, cannot be terminated, unless otherwise stated in the contract. However, the contract may be cancelled, both

- after the agreed probation period,
on another cancellation basis set out in the Employment Contracts Act, in accordance with the Act on Vocational Education (2017/531), when the employer winds up business, declares bankruptcy or dies, or with permission of the educational institute following the termination principle set out in the Employment Contracts Act.

What do I do if the temporary lay-off is ending and there is still no work to offer my employees?

If you lay off employees because of a temporary reduction in work, the lay-off may last a maximum of 90 days. You can also lay employees off until further notice if you have grounds for dismissal based on production or finances. In this case, lay-offs are an alternative to dismissals.

If there is no work to offer when a temporary lay-off ends, you should as an employer consider dismissal. You can continue the lay-off by issuing a new lay-off notice. If you want the lay-off to continue without a break, you must issue the new notice in due time for the new notice period to end before the end of the ongoing lay-off. If your company regularly employs over 20 people, lay-offs must be continued, if necessary, by following the negotiation procedures set out in the Act on Co-operation within Undertakings.

If lay-offs have to be continued, you must assess whether the problems are still temporary. Or, has the situation changed to mean that employees need to be laid off until further notice? You should also realistically think about the need for dismissing employees.

If an employer terminates the employment contract, it must pay the employee salary for the notice period. Because lay-offs are an alternative to dismissals and are intended to be temporary, the Employment Contracts Act states that the employer must also pay the employee salary during the notice period in the event an employee quits the job during a lay-off that has lasted at least 200 days. In this case, the employer must pay the employee the normal notice period salary it would have paid after dismissing an employee.

I have laid off my employees for a fixed period, and the lay-offs are due to end in the middle of June. However, I need to ask employees to work at the start of June. How should I act as an employer in this situation?

Nothing prevents you from asking your laid-off employees to work earlier than you had announced. You should inform employees that they are needed for work, call them into work, and try to agree with them on the start date of work as early as possible. Generally, we advise employers to talk to their employees in the workplace and try to agree on work arrangements with them.
What if an employee refuses to return to work ahead of time?

As a general rule, an employee has the right not to return to work ahead of time if he or she was laid off for a fixed period. If the employee refuses to return to work, then you should ask him or her to confirm that refusal in writing, by email or text message to you. If an employee refuses to return to work ahead of time, that could affect his or her unemployment benefits.

In such a situation, you should think about how the work available can be completed in the best possible way.

If this suspension of the lay-off is only short and temporary, it must always be agreed separately with the employee.
Questions about annual leave

Can an employer order an employee to take annual leave because of the coronavirus situation?

When the employer decides the dates for leave, it must tell the employee no later than two weeks before leave begins. That means that an employer cannot make an employee take leave for a lay-off notification period, for example.

Note also that as an employer you cannot unilaterally make an employee take annual leave he or she has accrued during the present leave year, which ends on 31 March 2020, before the leave period which begins on 1 May 2020. If an employee of yours has winter holiday he or she has not taken, or summer holiday left over from last year, you can make him or her take this holiday when you inform him or her two weeks in advance.

An employer and employee can, however, agree on how to take annual leave in the way they consider best.

Can employees take their annual leave while laid off?

As a general rule, lay-offs do not affect how employees take annual leave. In this respect, the Annual Holidays Act and collective bargaining agreement are observed as normal, and an employee may take his or her annual leave as normal during the holiday season, even if he or she is laid off. Employees take summer holiday at a time agreed with their employers, or at a time their employee tells them to, and they receive the normal holiday pay during their holiday.

Usually, one party should tell the other party the dates of annual leave a month beforehand. If this is not possible, it should be done at least two weeks before the holiday. When an employer tells an employee when to go on holiday, those dates are as a rule binding on the employer. However, the employer and employee can always agree to change the dates of annual leave.
Questions about Act on Co-operation within Undertakings

What are the negotiation periods set by the Act? Can an employer announce lay-offs before or after the negotiations begin?

If an employer is considering termination, lay-offs or reducing employment contracts to part-time for one or several employees, the employer must give a written negotiation proposal to commence the co-operation negotiations and employment measures, no later than five days before the start of negotiations.

The Act on Co-operation within Undertakings was amended on 1 April 2020 to shorten the duration of co-operation negotiations from 14 days or six weeks to five days. If an employer is considering lay-offs, the minimum negotiation period is five days. The parties can agree otherwise in the negotiations. This shortened negotiation period is in force until 31 December 2020.

If terminations or reductions of contracts to part-time are being considered for fewer than 10 employees, the minimum negotiation period is still 14 days, unless otherwise agreed in the co-operation negotiations. If the terminations or reductions of contracts to part-time being considered by the employer affect at least 10 employees, the minimum negotiation period is six weeks, unless otherwise agreed in the co-operation negotiations.

When an employer decides to propose actions in the negotiations that could lead to dismissals, lay-offs or part-time contracts, it must notify not only the employees or their representative but also the TE Office about this proposal, or the details in it, no later than when the negotiations begin.

Any terminations, lay-offs or reductions to part-time contracts can only take place when the negotiations have ended and, for example, in the case of lay-offs, the lay-off notice period is calculated from the date the lay-off notice is given.

For some collective bargaining agreements, abnormally short lay-off negotiation periods have been agreed because of the coronavirus crisis. For example, in the new agreements for the retail sector, hotel, restaurant and catering sector and technological industry sector, shorter time limits have been made possible for negotiations. If the employer does not belong to an employers’ confederation and observes a generally binding collective bargaining agreement, the employer must follow the negotiation deadlines in the Act on Co-operation within Undertakings.

You can find more information about lay-off and redundancy negotiation periods on the Suomen Yrittäjät coronavirus information site under “Temporary changes to collective bargaining agreements”.
Can exceptions be made to the negotiation obligations of the Act if the changes to operations and necessary measures are due to the coronavirus?

Under Section 60 of the Act, an employer can make a decision on a change in work tasks, working time arrangements, terminations, lay-offs or reductions to part-time contracts without co-operation negotiations, if there are particularly weighty unforeseen reasons harming the company’s productive or service operations or finances which it could not have been known in advance and which prevent co-operation negotiations. However, this possibility to make exceptions should be interpreted very strictly. In addition, once these weighty reasons no longer apply, the employer must without delay begin co-operation negotiations which should also establish the grounds for the abnormal procedures.
When an entrepreneur falls ill and goes into quarantine

Does an entrepreneur have the right to the infectious disease sickness allowance paid by Kela if he or she falls ill or has to be quarantined?

Kela can pay infectious disease sickness allowance when the entrepreneur has been ordered to stay away from work, isolated or quarantined to prevent the spread of an infectious disease, such as coronavirus. If an entrepreneur falls ill with the disease, he or she has the right to sickness allowance paid by Kela.

The amount of infectious disease sickness allowance is set according to the YEL or MYEL income level in force when sick leave begins. For the allowance to be paid, one of the following three conditions needs to be paid:

- a senior municipal infectious diseases physician has deemed that the entrepreneur should stay away from work
- a senior hospital district infectious diseases doctor has ordered that a worker be quarantined or isolated
- a person in isolation or quarantine in an EU country has a note from a doctor who has the right to assign such restrictions in the EU country in question. There is no qualifying period for the infectious disease sickness allowance.

Infectious diseases sickness allowance can only be paid for the days when the person could not work because of quarantine or isolation. The allowance is thus not paid in positions where the work could be done remotely, for example. There is no qualifying period for the infectious diseases sickness allowance.

Sickness allowance is paid when the person’s incapacity to work has lasted for at least the qualifying period. For entrepreneurs insured under YEL, the qualifying period is the day that the entrepreneur falls ill. Working days are considered Monday–Saturday, excluding public holidays.

If an entrepreneur is not insured under YEL, the qualifying period is the day the entrepreneur falls ill and the nine subsequent working days, as is the case with employees. The name of the benefit paid for this “general qualifying period” (illness days 2–10) to entrepreneurs is YEL allowance. If the illness lasts longer, this allowance becomes sickness allowance after the general qualifying period.

The amount of sickness allowance is set accordance with annual income. Annual income is calculated for an inspection period. This is the 12 calendar months preceding the month preceding the start of the right to the allowance. The amount of an entrepreneur’s sickness allowance is set exclusively in accordance with his or her declared YEL income level. Entrepreneurs’ annual
income is considered as the declared YEL and/or MYEL income level for the last 12 months. Salaries from the entrepreneur's own company and earnings from business activities are not included in this calculation of annual income. If the declared YEL or MYEL income level changed during the 12-month period, the average declared income level is used.

If a person has another income in addition to business activities, such as salary from work for another company, this is considered when calculating sickness allowance. In the YEL allowance paid for the general qualifying period (days 2–10), only the declared YEL income level is used for calculations. If the entrepreneur had no income during the period under consideration, or it was very small, the allowance is always at least the minimum amount.

You can calculate your allowance using the ready reckoner on the Kela website.

To receive the YEL allowance, you must receive a nurse’s note proving incapacity to work, at the very least. To receive sickness allowance, you must generally obtain an A note ("A-todistus") from a doctor for the first 60 days of work incapacity, and a more extensive B note ("B-todistus") after that.

What compensation can an entrepreneur receive if he or she cannot work because a child’s school is closed? And what if a child falls ill and is quarantined?

A parent or guardian of a child aged under 16 (regardless of employment status) who has been ordered to stay at home to prevent spread of a disease, who cannot thus work, is entitled to the infectious diseases sickness allowance paid by Kela mentioned in the previous question. This only applies, however, to the aforementioned quarantine and isolation. If the child’s nursery school or school is closed, the parent is not entitled to the allowance. In situations in which the child falls ill and an entrepreneur stays at home to look after the child, the entrepreneur is not entitled to benefits, even though he or she may lose income.
General housing allowance, social assistance and unemployment benefit and initial funding (“starttiraha”) for entrepreneurs

Can an entrepreneur receive general housing allowance and social assistance?

A low-income entrepreneur may be entitled to Kela general housing allowance or social assistance, in which the supplementary part is paid by social services in your municipality. If your finances are bad, apply right away on the Kela website. This is the only way to find out for certain whether you and your family are entitled to general housing allowance and social assistance.

Can an entrepreneur receive unemployment benefit?

Since 8 April 2020, legislation has been in force to temporarily give entrepreneurs the right to receive unemployment benefit alongside running a business. The temporary change in the law allows entrepreneurs to receive labour market subsidy of €724 between 16 March and 31 December 2020 without needing to wind up their businesses. If you register as a jobseeker by 15 April, you will be entitled to the labour market support retroactively, with effect from 16 March, as long as you meet the requirements for receiving the support. You can register as a jobseeker now, if you like.

Under this change, when would an entrepreneur get labour market support?

The change in the law affects applies to all entrepreneurs, regardless of size and business entity. To receive labour market subsidy as an entrepreneur, your full-time business activities must have ended, or your monthly income from your business must be less than €1,089.67. (If there is more than one entrepreneur running the business, the average of income of each must be below this limit.)

Under the change in the law, labour market support (€724/month) can be paid without a waiting period. If you have income from your business, the level of unemployment benefit you receive is adjusted. However, as a rule, if your monthly income is less than €300, your unemployment benefit payment will not be reduced at all. After €300, each euro you earn from your business will reduce each euro from unemployment benefit by 50 cents.

How do I apply for labour market support?

Register with TE Services as a jobseeker. Explain to them how your primary business activity has ended or your income from it has reduced because of the coronavirus epidemic. Generally, as an
entrepreneur, the information you give to TE Services about how your business activities have ended is the basis for their decision.

You must state which sector your business operates. You must also explain how coronavirus, and the subsequent limitations and recommendations, have meant you no longer work full-time in your business. Alternatively, you can give the TE Services information about your income from your business. In this case, your drop in income must be because of the coronavirus pandemic.

The TE Services will inform Kela that you have the right to labour market support. Kela will then pay the labour market support.

Can I receive unemployment benefit in addition to other forms of financial support?

Yes. An entrepreneur can receive unemployment benefit alongside support which is intended for business development and business expenses. One example is the sole entrepreneur support which the municipalities will soon pay. You can receive it alongside unemployment benefit.

This support may reduce the amount of unemployment benefit you receive if you use it for personal expenses or if the support is considered your income or salary. If, however, you use the support from the municipality to pay for business expenses, it will not affect your unemployment benefit.

The sole entrepreneurs' support is intended for business operations, while unemployment benefit is intended for personal expenses.

If I am forced to wind up my business completely, how do I apply for unemployment benefit?

If you have to wind up your business operations completely, you may be entitled, as an entrepreneur, to unemployment benefit. If this happens, register as a jobseeker immediately with the TE (labour exchange) office.

For the purposes of unemployment benefit, entrepreneurial activity can be considered wound up when:

a) you have sold your business

b) your business has gone bankrupt

c) your business has gone into liquidation (note that serving as a liquidator may prevent you from receiving unemployment benefit)

d) the partners have made an agreement that is not about the winding up of a limited liability company (OY)

e) production and financial operations have ended and you, the entrepreneur, have:
1) ended your YEL or MYEL pension insurance policy

2) applied to the Tax Administration for removal from the pre-payment register and employer register and

3) applied to the Tax Authority for removal from the VAT register or notified the Tax Authority of the termination of business operations

f) If you are a sole trader (toiminimi), your business operations are considered to have ceased when

1) you, the entrepreneur (the new jobseeker), have provided a reliable statement that shows that production and financial operations have ceased, or it is otherwise clear that operations will not continue; and

2) you have ended your statutory YEL or MYEL pension insurance policy.

Members of the SYT unemployment fund can receive earnings-related unemployment benefit.

Other jobseekers receive basic unemployment benefit and labour market subsidy from Kela.

To receive both earnings-related and basic unemployment benefit after being an entrepreneur, you must meet the employment requirements (business operations and membership of the unemployment fund for the past 15 months as well as declared YEL income of €13,076 (as of 2020)).

There is no such condition for the labour market subsidy.

Kela pays labour market subsidy of €33.36/day (2020), not including supplements (such as child supplement). The benefits described above are paid for five days a week (including holidays which fall on weekdays). There is a five-day qualifying period for receiving earnings-related benefit from the unemployment fund.

What kind of changes are being made to initial funding ("starttiraha")?

On 16 April 2020, the government approved a temporary amendment to the Decree on Public Labour and Business Service. It means that entrepreneurs receiving initial funding may also receive the funding for the days when they cannot work in their businesses because of the coronavirus epidemic.

The Decree makes it possible to secure the livelihoods of entrepreneurs on initial funding in this situation with broad impacts for society, businesses and individuals which business owners could not have predicted when they started out.

Now, during the coronavirus epidemic, the livelihood of entrepreneurs on initial funding is being secured through initial funding, instead of unemployment benefit, even if they temporarily have
less or no work to do in their businesses. If initial funding recipients can run their businesses some days a week, even if coronavirus means there is not enough work to do every day, then they will receive initial funding for the days on which they cannot work in their businesses.

The amended Decree entered into force on 17 April 2020 and is in force until 31 December 2020. It will be applied to initial funding paid between 16 March and 31 December 2020. The KEHA Centre will inform entrepreneurs on initial funding about the change.

In addition to the amendment described above, the government proposed a bill to parliament on 23 April 2020 on extending the maximum length of initial funding from 12 months to 18 months. The amendment guarantees entrepreneurs on initial funding the opportunity to start up and establish their business operations, regardless of the temporary weakening of operating conditions caused by the COVID-19 pandemic. The amendment has been extended; it will be in force until 31 December 2020.
Questions about business operations

Contracts between companies

Do the problems caused by the coronavirus constitute a force majeure obstacle to the fulfilment of contractual obligations?

In contractual relationships, the starting premise is that contracts must be honoured. The coronavirus epidemic does not change this premise.

Force majeure means events

- which occur after the contract is signed
- which the parties to the contract could not affect
- which could not be predicted when the contract was signed, and
- which prevent the contract being fulfilled, in full or in part, or make it unreasonably difficult

All four of the above requirements must be fulfilled for the situation to qualify as force majeure.

Whether a situation on hand is a force majeure circumstance is always evaluated on a case-by-case basis. The coronavirus in itself is not automatically a force majeure circumstance. Instead, a party to the contract must always be able to show the specific way in which the virus has prevented it from delivering the goods or services under the contract.

A party that suffers a force majeure obstacle does not normally have to pay damages caused by such an obstacle. It is also usually freed from contractual penalties. However, the parties can agree on consequences for force majeure obstacles. For example, it is common to agree that a party has the right to terminate the contract if the force majeure obstacle lasts a certain time.

Contracts often include a clause on force majeure and on how parties should act if one of them appeals to force majeure. For this reason, an entrepreneur who wants to appeal to force majeure, or whose contractual partner does so, should first check what the contract says about the matter. However, on general contract law principles, a party can appeal to force majeure, even if the contract does not explicitly mention it.

Read more about the topic.
Can I cancel a contract because the coronavirus makes honouring it financially impossible, or disadvantageous in some other way?

In contractual relationships, the starting premise is that contracts must be honoured. Contracts between companies bind both parties, and both parties have to honour them. As a general rule, then, contracts cannot be cancelled without the other party’s consent or a contractual term that entitles the party to cancel. In such a case, it might be sensible to think about terminating the contract, if the contract allows it, or suggesting a change in contractual terms to the other party. The first thing is always to discuss the matter with the other party. The coronavirus situation on hand at present is a challenge for all of us and therefore it is a good idea to search for common solutions together.

You can provide for changing circumstances and unexpected situations when drafting the contract. You can include terms in the contract which say, for example, that if a certain situation occurs, the terms can be changed, the contract can be terminated, or the situation frees the parties from the obligation to pay damages or other liabilities (force majeure).

A business associate (not a consumer) cancelled an event for which I was supposed to cater, under a contract we had signed. We had agreed on a reservation fee/cancellation fee. Can I keep the paid reservation fee or charge a cancellation fee for the cancelled event?

The consequences of contractual breaches are primarily defined by the parties’ contract. So, if the parties have agreed that when the other party has the right to certain compensation (e.g., reservation fee, cancellation fee) following a cancellation, the contract must be honoured. In addition, the fact that contracts are, as a general rule, binding and cannot be unilaterally cancelled must be considered.

If a party cancels a contract without approved grounds for doing so under the contract or general contract law principles (such as force majeure), it breaches the contract. Unless the contract states otherwise, the breaching party must pay the other party damages, which are, as a general rule, defined by “positive beneficial interest”. In practice, this means that the party which suffers the breach must be brought to the financial position it would have been in had the contract been fulfilled correctly.

Do I have to shut down my business during the epidemic?

If official orders do not limit business operations, you can continue to run your business as normally as is possible. For example, because the government has limited public meetings to 10 people or fewer, organizing spectator events is currently forbidden. The government has also closed swimming pools and other sport facilities, so no business can take place there.

Naturally, you can decide to close a shop that you run, or halt business operations, if it is not rational for financial or health reasons.
If you belong to a risk group, it might be worth considering halting your operations. We have discussed the effects of stopping business operations on employment and company contracts in answers to other questions.

Contracts between a company and consumers

Are reservation fees binding when consumers cancel orders or services they have booked because of the coronavirus? Are there any possibilities for entrepreneurs to receive compensation from consumers who cancel orders or service bookings?

In this situation, the provisions and principles of the Consumer Protection Act are applied. If a consumer cancels an order, the seller does not have the right to keep to the contract and demand payment of the retail price.

However, the seller has the right to compensation. In sales of goods, the regulation applied in found in Chapter 5 Section 28 of the Consumer Protection Act. The principle of this rule may also be applied to other consumer agreements which do not concern goods. Under this rule, if the buyer cancels an order, the seller is entitled to compensation for any particular costs he or she has incurred for concluding and fulfilling the contract and which are likely to be of no use, as well as for any particular costs incurred due to the cancellation or withdrawal of the contract.

For other losses, the seller is entitled to reasonable compensation, considering the price of the goods, the time of cancellation or withdrawal of the contract, the measures undertaken to perform the contract, as well as other circumstances.

A contract under which the seller has a right to liquidated damages for withdrawal or cancellation is valid if the contractual compensation is reasonable.

The seller is not, however, entitled to compensation or to keep a reservation fee if the order cancellation is due to the provisions of a law, the interruption of general transport or payment transactions or other similar obstacle which the buyer cannot reasonably avoid or overcome. The coronavirus epidemic alone cannot be considered such an obstacle: there has to be a clear causal link between the cancellation and the obstacle. That may be the case in a situation in which the consumer cancels a hair appointment because she has caught the virus.

You can read more about consumer rights from the coronavirus perspective on the Finnish Competition and Consumer Authority website.

Can an entrepreneur cancel a contract he or she has signed with a consumer?

The general rule is that contracts are binding. Thus, an entrepreneur cannot cancel a contract signed with a consumer without acceptable grounds. Consumers are not generally entitled to
compensation for additional costs or expenses caused by a force majeure situation, such as if the coronavirus limits or cancels service offering.

For example, if an entrepreneur falls ill and the contract cannot be fulfilled by anyone else (because the entrepreneur runs a single-person business, for example), the entrepreneur can claim force majeure, freeing him or her from the obligation to fulfill the contract for the duration of the obstacle. However, the main rule in such a situation is that consumers should be refunded the price they have paid for services. It is important for the parties to keep each other informed in such situations.

You can read more about consumer rights from the coronavirus perspective on the Finnish Competition and Consumer Authority website.

Business insurance

Can I claim compensation from business interruption insurance for the damage and inconvenience caused to my business by the coronavirus?

The purpose of business interruption insurance is to compensate a business for profits that are lost when its operations are made difficult, or it has to cease operating entirely, because of a sudden, unpredicted event. Business insurance policies and the interruption insurance included in them usually covers normal damages to property, hardware breakage, illness, accidents, and the profit losses they cause the business. Interruption insurance generally compensates for financial damage caused by an interruption. Such an interruption must be caused by material damage mentioned in the terms of the policy, such as a fire or machine breakdown.

As a general rule, interruption insurance does not compensate for interruption of business caused by coronavirus, because the case is not material damage intended by the insurance policy.

Terms of coverage and compensation vary by insurer. We encourage you to check your policy and terms to see what you are covered for.

Business interruption insurance policies only give insurance coverage for unexpected interruption of business operations in situations defined in the insurance terms. An essential element of business interruption insurance is that businesses can use such policies to protect themselves against individual risks to their operations. Such risks are separately defined in advance in the insurance terms. General difficulty of doing businesses and a loss of customers caused by the epidemic do not entitle policyholders to payouts.

Business interruption insurance may also include “epidemic coverage”, which is intended mostly for companies in the agri-food and catering sectors. Typically, epidemic coverage covers movable property and the costs for cleaning and disinfection costs of premises. As a general rule, epidemic insurance only compensates for interruption to business operations specifically due to an official order concerning the business activities and its insured premises. If, for example, the authorities
order a business’s insured premises to be closed and cleaned because of a detected coronavirus infection, the business may receive compensation to the extent laid out in the insurance terms.

In addition, interruption insurance policies can cover coverage for prohibition of access to premises. This in intended for situations in which good, unimpeded access is important for the company’s business. As a general rule, coverage for prohibition of access to premises requires an official order to restrict dangers. The order must prohibit entry to the insured business’s premises.

To receive compensation, you must file a claim with your insurer. Your insurer must make a claims decision on the matter, which it must justify. Your insurer must be particularly careful to justify its decision when it is negative or diverges from your claim.

If the claims decision was not the one you expected, you should first discuss the grounds for it with your insurer. After this, if necessary, you can contact the Finnish Financial Ombudsman Bureau (FINE), which can advise you and help straighten out problems with your insurer. Your matter might be taken to the insurance board (Vakuutuslautakunta) for resolution. It recommends solutions in insurance disputes. If that does not resolve the matter, you can take the claims decision to court.

Paying rent on business premises

Can a tenant’s rent be adjusted when the authorities give an obligatory order which makes rented premises partly or fully impossible to use as intended?

If the amount of rent contradicts good rental practice, or is otherwise unreasonable, the rent may be adjusted. When assessing whether rent is reasonable, the entire content of the lease and the position of the parties, both during and after the lease was signed, as well as other circumstances, must be considered.

If the premises’ specified purpose in the rental lease, that is, the operations for which they were rented, is partially or fully prevented, the rules for adjusting and making rent reasonable may be applied.

The obligation to completely close restaurants, night clubs, bars and coffee shops to customers is a valid basis for reassessing the rent level in light of changed circumstances. These limitations may bring about significant changes in the business activities done on the premises.

If you are a tenant in this situation, you should submit a request to your landlord for lower rent without delay and start negotiations with them about the term in the contract governing the amount of rent. In the long term, finding joint solutions in this difficult situation is in both parties’ interests. Note that in a situation like this you should make any changes to the lease in writing.
When adjusting the rent, consider how the new government orders will affect your (the tenant’s) ability to do business on the premises and your opportunities for continuing operations on the premises.

If the parties cannot agree on adjusting the rent, you can in the final instance ask a court to investigate how reasonable the rent is. You need to bring the matter to court while the lease is still valid. If the lease has expired, a court cannot investigate whether the rent is reasonable any longer.
Questions about the wider economic situation

What should I do if my business’s finances are getting worse?

You should seek advice and help for trouble with your business’s finances as soon as you notice the situation deteriorating. The sooner entrepreneurs start solving their financial difficulties, the more likely they are to bring their businesses back to financial health. You can contact the Suomen Yrittäjät telephone advice service on 09 229 222 on weekdays between 08:00 and 18:00. You can also get free financial assistance from the Yritys-Suomi Talousapu service on +358 2 95024880 and here. The service is open Monday–Friday 09:00–16:00.

What should entrepreneurs know if they are unable to pay their bills on time?

Don’t do nothing. To stop your invoices going into debt collection, you should contact your lenders and arrange a payment plan. You should agree on such matters in writing, for example by email. If you have already received a letter about debt collection, you can try to arrange a payment plan with the agency.

I have received a letter from a debt collection agency. Should I pay the debt collection fees and late payment fees even if my payment difficulties are due to the coronavirus?

Answer: If you pay an invoice late, you have to pay the late payment fees and debt collection fees that this causes, unless you have agreed a payment plan with the issuer of the invoice. Debt collection legislation and the authorities’ opinions allow entrepreneurs to be charged €40–100 in debt collection fees for each invoice paid late. If, as a business owner, you think the debt collection fees are too high, you can contact the Regional State Administrative Agency for Southern Finland. The Regional State Administrative Agency monitors the debt collection sector and the level of debt collection fees.

As an entrepreneur, can I get relief on payments of debts that are being recovered at source?

An entrepreneur or company may receive relief on payments of debts recovered at source because of temporary payment difficulties. They can also make payment plans for debts of this kind. As a general rule, you must ask your bailiff for relief. Because of coronavirus, debt recovery legislation has been temporarily changed to allow for direct relief when someone faces payment difficulties because of the pandemic. The legislative amendments are in force until 31 October 2020.
If you are a business owner and draw salary from your company, the bailiff may grant you additional time to pay. This period can be up to three months long (now, thanks to the temporary amendment to the law, six months). If the creditor agrees, six months of additional time can be granted (now, thanks to the temporary amendment to the law, 12 months). However, the bailiff may not grant additional payment time without the creditor’s consent if the money being recovered is used for child support. Due to your impaired solvency, you may be entitled to a smaller deduction at source to pay your debts.

As a general rule, five-sixths of a natural person’s regular business income is protected from debt recovery. This proportion can be increased further if the debtor’s financial solvency is at risk. The amendment to the law in force from the start of May means you can apply for such a change precisely because of reduced payment ability caused by coronavirus. You cannot receive payment holidays or delayed payment dates for business income.

If you have income from a company or other organization, you can also reduce the proportion of your income subject to debt recovery at source, if that allows you to continue running your business. During the coronavirus pandemic, it is also easier than before to get relief on income received by an organization.

Can a company start debt restructuring because of coronavirus?

If, as an entrepreneur, you have difficulties paying, you should always first try to arrange a voluntary payment scheme with your creditors. It is not always possible to come to an agreement. A sole trader may apply for personal debt restructuring for his or her business debts. This is governed by the Act on the Adjustment of the Debts of a Private Individual. The debt restructuring arrangement generally lasts three years, but it may be extended, for example, to allow an entrepreneur to keep his or her home, regardless of the debt restructuring. A private person may not restructure his or her debts from a small business when the business is a company (partnership, limited partnership, limited liability company).

Starting debt restructuring is not automatic. The requirement is for the business activities to be quite small and, as a rule, based on the entrepreneur’s own labour. The business activities must be profitable enough for the costs to be covered and for the debtor to be able to pay creditors at least a proportion of debts. In debt restructuring, both the entrepreneur’s private and business debts are restructured.

For debt restructuring, a small entrepreneur must present a statement, prepared by a reliable expert, on the financial state of the business and how capable it is of being continued. The Enterprise Finland financial assistance telephone service can give you a free estimate of your business’s profitability and help you think about alternatives to debt restructuring, if necessary. If the financial assistance service thinks you meet the requirements for debt restructuring, it will encourage you to register as a client of financial and debt counselling services so you can take further steps. The district courts review applications and decide whether entrepreneurs can enter debt restructuring.
Can a business enter corporate restructuring because of coronavirus?

The goal of corporate restructuring is to rationalize a business that is in financial difficulties but capable of continuing operations. In restructuring, the reasons for the problems of a company in payment difficulties are investigated, and efforts are made to find a corrective solution which allows the business to keep operating. The process may see a business’s debts restructured, some business operations given up, costs cut, payment terms given to debts or release from some debts altogether.

Corporate restructuring is an option for businesses of all sizes, including sole traders, limited liability companies, partnerships (AY) and limited partnerships (KY). To begin the process, the business must be at the risk of financial insolvency or already insolvent. However, entering corporate restructuring is not automatic, but subject to decision of a district court. The law sets several additional requirements for beginning restructuring. Creditors can refer to these in their attempts to stop a business entering the restructuring process. If two significant creditors second a debtor’s application for restructuring, or compile a joint application with the debtor, restructuring may begin without meeting the additional requirements.

If a company enters restructuring, the process lasts 5–8 years. The costs of the restructuring procedure can be surprisingly high and generally exceed €10,000. For that reason, restructuring is not necessarily appropriate for all businesses in all situations. However, you should still react quickly when in payment difficulties and, if necessary, find out whether restructuring is an option. The Enterprise Finland advice service can give you a free assessment of whether restructuring is the right option for you. If restructuring is considered the right option for your business, the financial assistance service will direct you further in the process.

Can creditors apply for a company to be liquidated if an entrepreneur cannot pay its bills because of coronavirus?

A company that is unable to pay its debts may be put into liquidation. A creditor or the debtor may apply for this. Liquidation ("konkurssi") is a legally defined procedure in which the company’s entire assets are used once to pay its debts. Liquidation begins when a court makes a judgment on the matter. Placing the company into liquidation ends business operations. The controlling interest over the property is then transferred to the insolvency estate. The insolvency estate may, however, decide to continue the business operations of a liquidated limited liability company or cooperative. The insolvency estate is responsible for the taxes arising from these operations.

A requirement for liquidating a company is that the debtor is more than just temporarily unable to pay. A company is particularly considered insolvent if it has ceased paying or, if in the six months before the liquidation application, there have not been enough funds to pay debts recovered at source in full. Another reason for presuming insolvency is if the debtor has not paid a clear, due sum within a week of receiving a payment demand from a creditor. Because of the coronavirus crisis, this one-week presumption of insolvency has been temporarily removed from the law, nor
may creditors refer to this presumption of insolvency as a basis for their liquidation applications. The change in law is in force until 31 October 2020.

Can I take a break from my YEL contributions if my business activities come to a halt?

Your mandatory YEL contributions are based on your declared income from your business activities. If an entrepreneur’s work in his or her business is reduced, for any reason, to an income of below the mandatory minimum income (€7,958.99 in 2020), the YEL insurance coverage may be ended. Valid YEL coverage is the basis for infectious diseases sickness allowance and sickness allowance, so you should think carefully before taking this step.
Questions about taxation

How can I offset the costs of masks against taxation?

As an employer, you can give your employees tax-free protective equipment against a highly infectious disease, such as masks, that they need for their work. This protective equipment can be considered the equivalent of other preventive healthcare you provide as an employer. That means that for taxation purposes, it makes no difference whether your employees use the equipment at other times, such as when commuting. An employer can offset the costs of masks against the business’s taxation.

If an employee wears a mask at work that the employer has not provided, the employee can offset the cost of the mask against taxation by filing for a standard deduction for work-related expenses. All employees can automatically offset up to €750 for work-related expenses. If the work-related expenses exceed €750 a year, the employee should report all the expenses in his or her tax return. If the expenses are under €750, the employee does not need to report them.

The right to this tax credit also includes sole traders, i.e., people operating on a toimimili. Sole traders can offset the costs of masks they use at work against the taxation of their business income.

An employer cannot give out masks tax free for an employee’s family members to use.

Commuting: masks are travel expenses

The Tax Administration has decided that employees can claim €2 for mask expenses for every working day he or she commutes between home and work on public transport and wears masks he or she has bought. Employees do not need to give any explanation for these claims. The claims can only be made for commutes between home and work that happened after 13 August 2020, when the Institute for Health and Welfare (THL) recommended masks on public transport. The personal liability for commuting expenses is €750. If an employee spends more than €750 on travel expenses between home and work in 2020, he or she should report all the costs when filing his or her tax return. There is no need to claim the personal liability portion of €750.

As an employer, can I pay for an employee’s COVID-19 test? As an entrepreneur, can I offset the cost of my own COVID-19 test against taxation?

If, as an employer, you think that an employee needs to be tested because of the type of work he or she does, you can pay the clinic directly for the test, or pay the employee directly once you see a receipt, tax-free. As an employer, you can offset the costs of a necessary COVID-19 test against taxation. Any money refunded to your company on the basis of the test expenses is considered taxable employer income.
The same practice applies to COVID-19 tests for an owner-entrepreneur working in the company. The costs of other employees’ tests are compensated in the same way. For the purposes of tax-free expenses and tax relief, it does not matter what level of health services you provide as an employer.

On the same basis, a sole trader (toiminimi) can offset the costs of his or her COVID-19 test in his or her business’s taxation. For the purposes of tax relief, it does not matter what level of health services you arrange for yourself as an entrepreneur.

As an employer, you cannot pay for your employees’ family members’ COVID-19 tests tax free. These costs are the costs of providing for one’s family members.

Are the import and sale of coronavirus-related goods subject to VAT?

The rules on VAT have been temporarily changed. Sales in Finland and the intra-EU procurement of goods used in the prevention, testing and care of COVID-19 are temporarily VAT-free. The VAT-free status only applies to sales to the public sector.

Private operators which provide public healthcare services, such as when a municipality has outsourced all healthcare services, is considered the equivalent of a provider of public healthcare services, but only with regard to the sales mentioned above. In other respects, sales to private companies are still liable to VAT. Thus, goods that private companies buy for private healthcare services are not VAT-free.

The buyer must give the seller an explanation stating that the goods have been bought for a use that meets the requirements for VAT-free status.

Sales of the COVID-19-related goods outlined above have been temporarily included in 0% taxation, meaning that the seller can offset the VAT on such purchases against taxation.

The freedom from VAT applies to the sale, import and intra-EU purchase of goods from 30 January to 31 July 2020, i.e., the VAT-free status applies retroactively. A proposal has been made to extend this rule on VAT-free status until 31 October 2020.

How are medical goods imported from outside the EU treated for customs and VAT purposes?

On 3 April, the European Commission decided that medical devices imported from outside the EU would be free of customs duties and VAT. The decision intends to make it financially easier for doctors, nurses and patients to procure the medical devices and supplies they need.

This exemption is only available to imports by or for state bodies, such as state organs, public enterprises, and other public law bodies. It applies to the import of respiratory masks, protective equipment, test kits, respirators and other medical equipment and supplies.
The exemption is available until 31 October 2020.

Can I get a refund on VAT I have already paid?

You can no longer apply to borrow the VAT you have already paid, as the deadline for this eased payment arrangement was 31 August 2020.

If you applied for a VAT refund in the form of a loan through the eased payment arrangement before the deadline, the Tax Administration will process the request, and you can receive a refund on VAT that fell due in January, February and March.

The taxes are refunded as a loan, meaning your company will not get to keep the refund permanently. In a payment arrangement, your business commits to paying the VAT back to the Tax Administration later in agreed instalments. The taxes are paid back at 2.5% late payment interest, dated from the original due date. The Tax Administration has made decisions on eased payment arrangements since the end of June.

You can read more about VAT refunds and applying for them on the Tax Administration website.

What do I do when the amount of tax I have to pay is too high?

You should use the Tax Administration’s MyTax service to reduce your tax prepayments when your income is smaller than previously estimated. Under temporary rules, you can lower your prepayment taxes for 2020 by filing a notification yourself, without intermediate financial statements or other written explanations. You can also apply for changes to the months in which your prepayment taxes fall due. If the prepayment taxes you had to pay in 2019 were incorrect, the coronavirus situation is not grounds for requesting a refund of last year’s prepayment taxes or for not paying additional prepayments.

What do I do when I cannot file my taxes on time?

The Tax Administration automatically extended the deadline for tax returns for companies and groups under joint administration whose financial year ended between December 2019 and February 2020. If your business’s financial year ended after that and you need more time, you can apply for an extension in MyTax or by using a form (“Hakemus veroilmoituksen antamisajan pidentämiseksi”, application to extend tax filing deadline). The Tax Administration must have the application by no later than the filing due date. The Tax Administration can grant an extension if there is a special reason, such as illness, which prevented filing on time. You do not need to submit a doctor’s note with the tax return. An explanation in your own words is enough.

The Tax Administration hopes companies will file by the normal deadline if they can.

The Tax Administration cannot grant additional time for filing self-assessed taxes (such as VAT), but it can choose not to charge for late filing because of a special reason, such as illness. You can
ask the Tax Administration to waiver late penalty charges on the filing due date (12th day of the month) or immediately afterwards

- by calling the Tax Administration on 029 497 008 (VAT matters) or
- by sending a message in MyTax: My tax matters > Activities > All activities > Messages and appointments > Send a message.

The Tax Administration is making its processes more efficient in a number of areas: changes to advance tax, payment arrangements and returns of VAT. It is doing this to give entrepreneurs and companies quick, flexible help for difficult situations and to support them to weather this exceptional crisis.

What do I do if I cannot pay my business’s taxes on time?

As soon as you notice that you cannot pay taxes on time, you should contact the Tax Administration to set up a payment arrangement. The deadline for an eased payment arrangement was 31 August 2020, but you can still apply for a payment arrangement under the normal conditions. You can apply for a payment arrangement in MyTax or by calling 029 497 028.

If you applied for an eased payment arrangement before 31 August 2020, the Tax Administration will process your application and you may be granted an eased payment arrangement.

The Tax Administration recommends taxpayers only to apply for a payment arrangement when taxes cannot be paid. They recommend against people applying “just in case”.

You cannot get a payment arrangement if you have tax debt in debt recovery, or if you have not filed taxes or information with the incomes register. If you have a previous payment arrangement that you filed to honour, your application for a payment arrangement now might not be honoured.

You should always contact the Tax Administration if you have difficulties paying taxes. Do not just leave your self-assessed taxes unpaid; pay them in smaller instalments if you can. This is how to apply for a payment arrangement in MyTax. You can get more information about payment arrangements in the Tax Administration’s decision on the principles to be honoured in payment arrangements.

Can I use my tax refunds to pay my tax debts that are part of a payment arrangement?

Tax refunds are not used to pay for taxes that were part of payment arrangements applied for between 25 March and 31 August 2020. If you received tax refunds in April, May or June and they were used to pay your taxes, it was possible, until 27 July 2020, to request a cancellation.

Tax refunds will still be used for tax debts that are not included in an eased payment arrangement. Tax refunds will also still be used to pay any debts that are being recovered directly from your income.
There is more information about the use of tax refunds on the Tax Administration website.

How long will it take for the Tax Administration to approve my payment arrangement application?

The Tax Administration has been making decisions on eased payment arrangements (see above) since the end of June. Since applications for an eased payment arrangement closed, there has been no information about the estimated processing time for “normal” payment arrangements.

A payment arrangement will enter into force as soon as the Tax Administration has approved the application for it. You will immediately see an approved payment arrangement on MyTax. You can also read the payment arrangement approval letter immediately on MyTax once your case has been approved. Letters about payment arrangement will also be posted to you if you have not set up electronic messages from Suomi.fi.

If you have applied for a VAT refund as part of an eased payment arrangement, the funds will be transferred to you within a week of the approval date. This will also apply if you have asked that your tax refunds no longer be used to pay tax debts.

What if I applied for an eased payment arrangement, but I still received a demand to pay taxes?

If you have applied for an eased payment arrangement for the tax, your application is still valid and you don’t need to take any action on the letter. The tax you applied for an eased payment arrangement application for is not recovered by enforcement authorities and your business’s tax debt is not published in the tax debt register or the “protest list” (list in newspapers of companies who have not paid debts).

My business is listed in the tax debt register. Will the entry be removed from the tax debt register now that I’ve applied for a payment arrangement?

The fact that you’ve made a payment arrangement application and that it is awaiting processing does not remove your business from the tax debt register. If the Tax Administration approves your payment arrangement application, the entry in the tax debt register for those particular unpaid taxes will be removed. However, if you applied for a payment arrangement between 25 March and 31 August 2020, that prevents a new entry being made in the tax debt register from March onwards.
How can I check if the Tax Administration has received my payment arrangement application?

If you have applied for a payment arrangement by calling the Tax Administration, the application will be not be visible in MyTax until the Tax Administration has processed it. However, it has received your application, meaning you do not need to contact the Tax Administration again. You do not need to submit a new application in MyTax.

If you made a payment arrangement application in MyTax, you can check the status by logging into MyTax and clicking on the “Finished actions” tab on the homepage.

What are the due dates for my payment arrangement if my application is approved?

The first due date for the payment arrangement is a month after the payment arrangement is approved. The next payment instalments are every month after that.

If you have applied for an eased payment arrangement, the first due date is three months after the payment arrangement is approved.

I’ve already paid tax, but can I ask for it be used for paying a different type of tax?

If the payment has already been used for a certain type of tax, it cannot be assigned to a different type of tax. Check that you used the correct payment details, including the correct reference number, to allow correct assignment of your tax.

You can only request that a payment be assigned to another tax type when the payment has not yet fallen due. (For example, an advance tax or VAT payment falling due next month.) A payment intended for taxes which fall due in the future may also be refunded if there are no taxes due.

Will my unpaid taxes be placed in debt recovery?

When you apply for a payment arrangement, the taxes that are part of it are not placed in debt recovery.

I cannot pay my taxes on time. Can the late payment interest be waived?

The Tax Administration says that the coronavirus situation and the payment difficulties it causes are not grounds for waiving late payment interest. If you have difficulty paying taxes, you can apply for a payment arrangement. See the previous question, “What do I do if I cannot pay my business’s taxes on time?”
The Tax Administration says that if a taxpayer cannot pay taxes by the due date because of a sudden illness or quarantine, and the details required for payment are not available and the taxpayer cannot use electronic services, then it may be possible to waive late payment interest. You can apply for a late payment interest waiver on MyTax.

Can I get tax relief or a tax exemption?

The coronavirus situation is not grounds for a tax exemption. If you are not able to pay taxes, you can apply for a payment arrangement. See the previous question, “What do I do if I cannot pay my business’s taxes on time?”

For late payment interest, you can apply for a waiver on the same grounds as in the question, “I cannot pay my taxes on time. Can the late payment interest be waived?”

Can a lunch benefit be used for delivery charges for food that is home delivered?

Yes, temporarily between 24 March 2020 and 31 December 2020. (On 19 August 2020, the Tax Administration extended this period until 31 December 2020.)

To reduce the financial difficulties of the coronavirus situation, the Tax Administration has temporarily changed its decision on fringe benefits. This is because when employees have to work from home, they are prevented from using their lunch benefits normally in restaurants.

Lunch benefits can be used to pay for both the food itself and delivery charges. There are not changes to the size of the lunch benefit and other conditions. An employer may offer a lunch benefit of no more than €10.70 for each working day.

If you, as an employer, normally offer the lunch benefit in a staff canteen, but that has now been closed to slow the spread of coronavirus, or employees have been ordered to work remotely from home, your employees cannot use the lunch benefit you offer them. If, as an employer, you want to make an exception and support your employees financially so they can buy lunch at eat it at work or at home, then your employees cannot use their lunch benefit on these days, as they cannot use it in the staff canteen. As an employer, you cannot compensate them for the lunch benefit tax-free; all money paid is taxable income.

Can my employees spend their lunch benefit on restaurant food they buy in a shop?

Yes, they can. Grocery shops have started selling takeaway meals prepared by restaurants, which have had to close because of coronavirus restrictions. This type of shop-bought restaurant meal is comparable to a takeaway meal from the takeaway counter of a shop which accepts lunch benefit.
Can a taxi company offer a food delivery service at the lower VAT rate intended for transporting people?

If the taxi company offers delivery services, the general VAT rate of 24% is applied to sales. The fact that the taxi is normally used for transporting people, at the lower VAT rate of 10%, does not affect the VAT rate applied to deliveries.

It's worth noting that when a food retailer sells a customer food home delivered, the lower food VAT rate, 14%, is added on to the delivery fees that it charges the customer.

How does taxation work if I offer services remotely and I get income from social media platforms, from streaming or paid funding campaigns?

If you start providing services remotely, treat your income and expenses from social media platforms, streaming and funding campaigns as normal, taxable income from business activities. Consider this income in advance tax payment and VAT.

A “paid funding campaign” means a crowdfunding campaign in which donors get goods, services, an experience, a membership, shares, etc., in exchange for money. If nothing is given in exchange for the money, you need a money collection permit from the police.

How does the coronavirus crisis affect the processing time for VAT refunds?

The Tax Administration’s processing times for VAT refunds have generally been good this spring: between two and four weeks, depending on the customer group. The Tax Administration has responded to the coronavirus situation quickly and is now investing resources in things like VAT refund processing and the most significant customer groups in refund terms, also in other matters. However, processing times may be longer because of the coronavirus situation.

I received financial support to help get me through the coronavirus situation. Is the support I received taxable and do I have to pay tax on it?

All income that your business receives as money or as a benefit with monetary value counts as taxable business income, unless otherwise provided for by law. That means that any public or other support your business receives is taxable income. The supports you receive are normally processed as income for accounting and taxation purposes.

If your business's total income for the financial year is larger than its expenses (after other possible tax corrections), it pays tax on the net profit (as a limited liability company), or the net profit is the personal taxable income of the partners (in a partnership) or the business owner (in the case of a sole trader). If your business makes a loss after it has paid all its expenses, no income tax needs to be paid.
In value-added taxation, supports and grants are not considered as pre-VAT prices when they do not directly have anything to do with the price for goods or a service.

Public entities, such as municipalities, are paying financial support to businesses and entrepreneurs because of coronavirus. Are these supports and grants filed with the incomes register?

The payer notifies the support or grant to the Tax Administration using the annual form. For 2020, the annual forms are filed at the start of 2021. This income is not reported to the incomes register, nor is advance tax withheld from it.

**Incomes register**

What happens if I cannot file information with the incomes register on time?

No charges will be charged for late filing to the incomes register in 2020. The accuracy of information in the incomes register is very important in the current pandemic. This is because the incomes register has data on lay-offs. These data are, in turn, used as the basis for unemployment benefit paid by unemployment funds and the infectious diseases sickness allowance and sickness allowance paid by Kela. When companies file correct, complete information with the incomes register, granting benefits is faster, and companies and accountants have to do less investigatory work later on.

**Lay-off**

How do I submit lay-offs to the incomes register?

If an employee has been laid off full time, record the lay-off as unpaid absence in the incomes register. Give “lay-off” (lomautus, code 16) as the reason for the unpaid absence.

**Example:**

An employee is full-time laid off from 1 April and, when you submit the information, you know the lay-off will last until 15 May.

**Absences:**
The first day for notifying absences is 1 April 2020.
The last day for notifying absences in 15 May 2020.

**Unpaid absence:**
First day: 1 April 2020
Last day: 15 May 2020
Reason for absence: Lay-off (lomautus, code 16)
If you do not know when the lay-off will end, and the employee will be laid off until further notice, you can enter the following as an end date: last date of employment contract, last day of the year, or another day after which you will give new, further information about the absence.

My employee is laid off part-time and works three full days a week instead of five. How do I report this kind of lay-off?

Notify each unbroken absence separately. Only notify absences of at least one day to the incomes register. Give the reason for absence as 16 Lomautus (lay-off).

Example:

Your employee is laid off part-time from 6 April. When you report to the incomes register, you know the lay-off will last until 31 May. Each week your employee is laid off from Monday to Wednesday, but works two full days, on Thursday and Friday.

Absences:
First day of reported absence period: 1 April 2020
The last day for notifying absences: 31 May 2020

Unpaid absence:
First day: 6 April 2020
Last day: 8 April 2020
Reason for absence: Lay-off (lomautus, code 16)

Unpaid absence:
First day: 13 April 2020
Last day: 15 April 2020
Reason for absence: Lay-off (lomautus, code 16)

Repeat for each subsequent week in the same way.

How do I report salary paid during a lay-off?

Report the salary you pay during a lay-off to the incomes register in the normal way according to the type of income – hourly wages, for example. Report unpaid absence using code 16 Lomautus (lay-off).

My company has laid off all its staff and will not pay any salary in April. Do I need to report anything to the incomes register?

If, as an employer, you are registered as a regular salary-paying employer in the Tax Administration’s employer register, you must use a separate employer’s form to report no salary this month information to the incomes register. You must do this before the 5th day of the next month.
month. You can report up to six salary-free months in advance. Report absences during the lay-off using the salary data report.

**Reporting absences**

Does it make a difference to the incomes register whether I report if an employee is quarantined or on sick leave?

Yes.

**If the employee himself or herself has fallen ill**, he or she is ill and you may have to pay salary, depending on the employment contract and collective bargaining agreement. Report the absence using code *1 Sairaus* (illness), even when the sick leave goes from paid to unpaid.

**If your employee is in quarantine, but not ill, and can work remotely**, this is not an absence. Do not report remote working to the incomes register.

**If your employee is in quarantine, but not ill, and cannot work and you are paying salary on the basis of the collective bargaining agreement**, this is paid absence. Give the reason for absence as *99 Muu syy* (Other reason). Report the salary to the incomes register, following the instructions and nature of income, e.g., hourly wages, project salary or overtime compensation.

If, as an employer, you pay salary during your employee’s absence, it’s a good idea to read Kela’s instructions on infectious diseases sickness allowance. You must check when and what you need to tell Kela, and whether your employee is entitled to the allowance. You, the employer, can apply for the allowance using the Kela employer services or form Y17.

**If your employee is in quarantine, and is not ill, but cannot work, and you are not paying him or her salary**: Give the reason for unpaid absence as *99 Muu syy* (Other reason). Read Kela’s instructions on infectious diseases sickness allowance.

If your employee is laid off, use code *16 Lomautus* (lay-off).

My employee cannot work because his child is in quarantine, but not ill. How do I report this absence?

If the child is in quarantine but not ill, report unpaid absence using the code *99 Muu syy* (Other reason).
My employee’s child has fallen ill with COVID-19 caused coronavirus, and because of that my employee is absent from work. How do I report this absence?

If your employee is caring for an ill child, the absence is treated as other absences for the care of an ill child. You are obliged to pay salary just as you are when an employee is absent to care for an ill child. Use code 6 Lapsen sairaus tai pakottava perhesyy (Ill child or compelling family reason). Read about applying for infectious disease sickness allowance on the Kela website.

My employee cannot come to work because her child’s school is closed, or she does not want to take her child to nursery school because of the coronavirus situation. How do I report this absence?

This is unpaid absence. Give the reason for absence as 99 Muu syy (Other reason).

**Reporting salary paid**

How do I report salary paid during quarantine?

If your employee works as normal from home while in quarantine, report the salary to the incomes register, following the instructions and nature of income, e.g., hourly wages, project salary or overtime compensation.

My employee is in quarantine, he is fit for work, but he cannot work remotely. The employer does not pay salary. How do I report this to the incomes register?

If, as an employer, you do not pay salary during this absence, only report your employee’s unpaid absences to the incomes register using code 99 Muu syy (Other reason). There are no paid salaries and you do not report benefits for 2020 to the incomes register yet.

Check the Kela website to see if you, the employer, have to tell Kela about the quarantine. [https://www.kela.fi/tyonantajat-tartuntatautipaivaraha](https://www.kela.fi/tyonantajat-tartuntatautipaivaraha)

My employee is in quarantine, she is fit for work, but she cannot work remotely. The employer pays salary. How do I report the salary paid?

Report the salary to the incomes register, following the instructions and nature of income, e.g., hourly wages, project salary or overtime compensation. Give the reason for paid absence as 99 Muu syy (Other reason).

If, as an employer, you pay salary during your employee’s absence, it’s a good idea to read Kela’s instructions on infectious diseases sickness allowance. You must check when and what you need
to tell Kela, and whether your employee is entitled to the allowance. You, the employer, can apply for the allowance using the Kela employer services or form Y17.

Do unemployment funds get all the information they need from the incomes register?

If you, the employer, report salary data using the income types in the 200s, mark the income with the months of earning, and give information about the type of employment and absences, there will be fewer requests for clarifications. This is even more important now: the coronavirus epidemic means there are a lot of applications for benefits. This is how you as an employer can help make applications smoother.

Unemployment funds retrieve the data for determining salary from the incomes register for the eight months before the person became unemployed.

The incomes register site describes in detail which data unemployment funds need: [Reporting data to the Incomes Register: mandatory and complementary data in the earnings payment report](#).

What are the tax consequences if my company is receiving financial support? And what if I want to support other businesses, either personally or through my business?

**Direct financial support**

All incomes are taxable, unless tax law states otherwise. Any financial support you might get because of the coronavirus epidemic is completely taxable income. When you receive money in exchange for nothing, remember asking the public for money without providing anything in return is considered money collection, which you can only carry out with a permit from the authorities. Also, note that under the Money Collection Act you cannot organize money collections to support business or to accrue funds for a legal person (a company).

As a rule, when you give money in exchange for nothing to a company, this is not a tax-deductible expense for you, regardless of whether you are another business or a legal person.

**Sales for money**

If a business receives payment in exchange for goods or services, i.e., in the form of normal business (such as by selling tote bags, gift cards or online services), it does not need a money collection permit. The income from these sales are taxable and subject to VAT as normal.

A company buying the goods or services may be able to deduct the in its own taxes, if they relate to its business activity. Expenses that are not related to business activity are not deductible. For a private person, the expenses are only deductible if they are work-related.
Lending

If a business receives a loan from another business or private person, the recipient treats it as a loan for tax purposes, as long as the formal criteria of a loan are met and there is a clear intention to repay it. If the debt is later forgiven, the share that is forgiven is, as a rule, considered taxable income for the debtor.

The lender treats the loan as accounts receivable for tax purposes, as long as the formal criteria for a loan are met. As a general rule, when a lender forgives a loan, this sum is a non-deductible expense, as long as it was not a loan for work-related expenses.

Questions about availability of finance

Where do I turn when I need finance because of the coronavirus crisis?

If the crisis is reflected in your company’s financial situation, it is important for you, the entrepreneur, to be active and take early steps to apply for additional financing.

You should first contact your bank and find out what products they have to help you overcome your acute situation. All major banks have a range of options to ease entrepreneur’s situations. It’s important to act as early as possible. That way, you can avoid excess damage that could affect your business’s creditworthiness.

Where do I go if I cannot get finance from my bank?

If your own bank cannot help you at once, you should then contact Finnvera. Finnvera is ready to react if the finance market does not function. It has several products aimed at entrepreneurs and broad authorization for issuing credit.

If you have problems getting credit, you should also contact us at Suomen Yrittäjät. We are monitoring the situation with central government and the Bank of Finland with the aim of securing SME financing. Contact us using the contact form on the Kaikki koronasta yrittäjälle (“Everything about coronavirus for the entrepreneur”) mini-site.

Will all SMEs get financing?

The coronavirus crisis financing is intended for companies who face financial difficulties because of the crisis. To receive finance, a company must have a sudden need for finance that is due to the crisis. In other words, this abnormal situation does not open up financing opportunities for companies that were not creditworthy before the crisis.
Funding sources for SMEs in the coronavirus crisis

Banks

The banks and Finnvera have built funding which business can use to withstand the coronavirus crisis. As an entrepreneur, you yourself must be active in applying for funding. You should contact your bank as soon as possible and find out what products they have to help you overcome your acute situation.

Finnvera

Finnvera’s goal is to provide help with all finance needs caused by coronavirus. It has the capacity to increase its SME business finance significantly and helps companies overcome the crisis. Finnvera supports the increased finance needs of SMEs, primarily through the Start guarantee, the SME guarantee and the Finnvera guarantee.

Business Finland

The application for the Business Finland preliminary study and development funding ended on 8 June 2020 at 16:15. Applications submitted before then are processed as normal.

Centres for Economic Development, Transport and the Environment for developing operations (ELY centres)

The ELY Centre’s situation analysis and development financing application ended on 8 June 2020 at 16:15. Applications submitted before then are processed as normal.

Sole entrepreneur support from municipalities

Sole entrepreneurs who have faced difficulties because of the coronavirus crisis can apply to their municipalities for support. The municipalities give information about the support. If you are an entrepreneur receiving a pension, you can also receive this support.

A sole entrepreneur may apply for the support from the municipality his or her business is registered in. You could receive €2,000. The support will be awarded to cover sole entrepreneurs’ business expenses. These could include the costs of premises and hardware you bought for your business, or accounting and office expenses.

All sole entrepreneurs registered in Finland whose primary occupation is their business can apply for the support. This is irrespective of their business form and how they finance themselves. A “sole entrepreneur” is an entrepreneur who does not employ anyone, and it includes freelancers.
Businesses with several entrepreneurs, are served by the ELY Centres (Centres for Economic Development, Transport and the Environment).

To receive assistance, a sole entrepreneur must show a significantly worsened financial situation and drop in turnover due to coronavirus. A business’s financial situation is considered to have significantly worsened if, after 16 March 2020, its sales receipts and accounts receivable have dropped by over 30% and expenses have remained the same. The sales receipts are assessed using monthly accounts or bank statements for 2020.

The support may not be issued if the business was in financial difficulties before the coronavirus crisis, or to businesses with tax debts for which they have not agreed a payment plan with the Tax Administration. A business is considered to meet the requirements for profitability if the 2019 financial statement or tax return shows the business was profitable.

If business operations began after 31 December 2019, you must submit another reliable explanation (copy of accounts or bank statement). A business is considered to meet the requirements for profitability if the 2019 financial statement or tax return shows the business was profitable.

Supports aimed at helping businesses survive the coronavirus situation are not supposed to be used simultaneously. The same support cannot be granted for the same purpose twice. The municipalities grant support for sole entrepreneurs, ELY Centres grant support for companies employing 1–5 people, and Business Finland grants support for companies larger than that.

You can apply for this support in addition to the temporary labour market subsidy for entrepreneurs which came into force on 8 April.

Work pension (TyEL) repayment loan

Businesses can more easily borrow against their previous contributions to work pensions (TyEL) by getting Finnvera as a guarantor. Finnvera can now guarantee up to 80% of the loan. Some of the TyEL work pension contributions paid by employers go into a fund for loans of this kind. A loan of this kind requires collateral, which may be a guarantee from a bank, Finnvera or Garantia.

Teollisuussijoitus follow-on finance for its clients

Teollisuussijoitus (Finnish Industry Investment Ltd (Tesi)) has worked with other investors to prepare for follow-on financing of its venture capital funds and target companies to face possible additional finance needs caused by coronavirus.

Tesi is launching a new stabilization program for businesses facing liquidity problems due to the coronavirus situation. The capital investments will be aimed at businesses that have faced sudden, temporary difficulties because of coronavirus. Tesi has set aside capital of €150 million for this purpose.
Business cost subsidy

Applications for the business cost subsidy ended on 31 August 2020 at 16:15. Applications submitted before then to the State Treasury are processed as normal.

Support for the restaurant sector

Applications for support for the restaurant sector due to limitations to business closed on 31 August 2020 at 16:15. Applications submitted before then to the KEHA Centre are processed as normal. Applications for support for re-hiring staff in the restaurant and catering sector are open until 31 October 2020.

Businesses in the restaurant and catering sector can receive support for employing staff when they reopen.

The KEHA Centre, the ELY Centres’ and TE services’ development and administration centre, is responsible for paying the subsidy and compensation. The KEHA Centre has published instructions for applying for the subsidy and compensation on its website.

The employment subsidy will be €1,000 per employee. A business may receive the support for no more than the number of employees it employed full-time in February 2020, including temps and subcontracted labour. According to EU state aid rules, the amount of the subsidy for a single company or group cannot exceed €800,000.

The subsidy will be paid when the company pays employees total wages of €2,500 between 1 June and 31 August 2020, or when it pays a service provider for temp or subcontracted labour up to €4,500 per worker.

For the purposes of the subsidy, how the worker is hired by the restaurant is irrelevant. The subsidy is not used to subsidize wages of employees for whom other public support has been paid. Restaurant owners must apply for this compensation. The application is approved as soon as the KEHA Centre has made its decision about the subsidy.

Other finance sources

During the coronavirus crisis, it is worth remembering that all normal funding sources, such as financial institutions and capital investments, are still available.

What do I do if I can’t get a bank loan?

If you have problems getting credit, you should also contact us at Suomen Yrittäjät. We are monitoring the situation with central government and the Bank of Finland with the aim of securing SME financing. Contact us using the contact form on the Kaikki koronasta yrittäjälle (“Everything about coronavirus for the entrepreneur”) mini-site.
Finnvera is not processing direct loan applications at the moment, so the only Finnvera finance products in use are the Start, SME and Finnvera guarantees, which are offered via banks.

Should I take out payday loans?

Payday loans and other high-interest credit should not be your first port of call in a crisis. In the current situation, the terms of normal bank finance and Finnvera finance products are so flexible that if they do not allow you to access finance, you should seriously consider the future of your business operations.