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**Setting Up A Business:
Practical Guide for A Finnish Sole Proprietor**

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Thesis abstract

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The following thesis seeks to provide accurate and useful information about sole proprietorship establishment and general operational regulations in the Finnish economy. The object is to elaborate the process in a simple step-by-step structure and explain in clear, comprehensible language what is required to set up an enterprise and maintain the business according to regulations and law. The study strives to identify the factors that make sole proprietorship a beneficial business form and at which point establishing one is a profitable solution. The target audience of the guide consists of non-Finnish-speaking eager entrepreneurs in need of simple guidance and proper demonstration of the steps involved in entering business life.

The study is carried out for TT Sound, a local booking agency and leisure services provider currently running in the form of sole proprietorship. Due to its young age, the company lacks sufficient knowledge of entrepreneurial regulations and is therefore greatly benefited from the study.

Keywords: sole proprietorship, self-employed, taxation, bookkeeping

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Seuraava opinnäytetyö pyrkii tarjoamaan tarkkaa ja hyödyllistä tietoa toiminimen perustamisesta ja elinkeinoharjoitukseen liittyvistä säännöksistä Suomen talousalueella. Pyrkimyksenä on täsmentää perustamisprosessia asteittain ja selittää selkokielellisesti mitä lakiin perustuvia velvoitteita liiketoiminnan perustaminen ja harjoitus sisältää. Tutkimuksen tavoitteena on tunnistaa tekijät, jotka erottavat yksityisen elinkeinonharjoituksen edullisena yhtiömuotona ja selvittää missä kohtaa toiminimen perustaminen on yrittäjän kannalta hyödyllinen ratkaisu. Kohderyhmänä toimivat innokkaat, potentiaaliset uudet yrittäjät, jotka kaipaavat neuvoja ja ohjeistusta liike-elämään astumisessaan.

Tutkimus suoritetaan paikalliselle viihde- ja ohjelmatoimistolle TT Soundille, joka harjoittaa liiketoimintaansa toiminimen muodossa. Tutkimus tarjoaa arvokasta informaatiota yhtiölle, joka on nuoren ikänsä puolesta vailla kattavaa tietopohjaa liiketoimen säännöksistä.

Avainsanat: yksityinen elinkeinonharjoittaja, itsetyöllistyminen, verotus, kirjanpito

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Abbreviations

| | |
|-------------|---|
| EBIT | Earnings before income and taxes |
| TMI | Toiminimi (Sole proprietorship) |
| BIS | Business Information System (YTJ: Yritys- ja yhteisötietojärjestelmä) |
| SME | Small-medium enterprise |
| EEA | The European economic area |
| VAT | Value-added tax |
| CRM | Customer relationship management |
| IT | Information technology |

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1 INTRODUCTION

1.1 TT Sound

Booking agency refers to a company that books and provides artists in various entertainment or broadcast businesses. Additional services include promotion and support work according to the customers' requests and interests. Booking agency is a more specific term for an agent that simply procures employment for talent (Passman, 2013, 56; Zelenski, 2004, 979).

TT Sound is a Seinäjoki based booking agency and leisure services provider established in 2013. The company mainly provides sound and light technician services as a subcontractor to nightclubs, bars, lounges and restaurants via larger agencies across Southern Ostrobothnia. Seinäjoki University of Applied Sciences, Kuortane Sports Institute, Seinäjoki Festivals Oy and several private customers have also utilized its services. Additionally TT Sound has conducted translation and interpretation services during its two-year period of active business. In practice the sound and light service refers to DJ (Disc jockey) and LJ (Light jockey) work that covers the entertainment of customers via music and light effects during the default open hours from 10 p.m. to 3.30 a.m. Currently being listed in the Finnish Business Information System (BIS) as sole proprietorship, primary industry set as show production and management activity (ID 74901, Standard Industrial Classification 2008), TT Sound slowly advances towards growth and greater experience in both domestic and international business patterns.

Approximately 95% of TT Sound's orders are based on subcontracting. Subcontracting refers to the process of outsourcing work to a third party. A general contractor delegates a subcontractor to perform a task inquired or requested by the original customer (QFinance 2009; Bishop 2009, 194). In practice, a restaurant or nightclub has prepared a contract with a booking agency. This booking agency, as

a general contractor, books an artist, TT Sound, to perform in the venue as requested by the customer. Alternatively, the order may come directly from the customer. The value chain is demonstrated in the following figure.

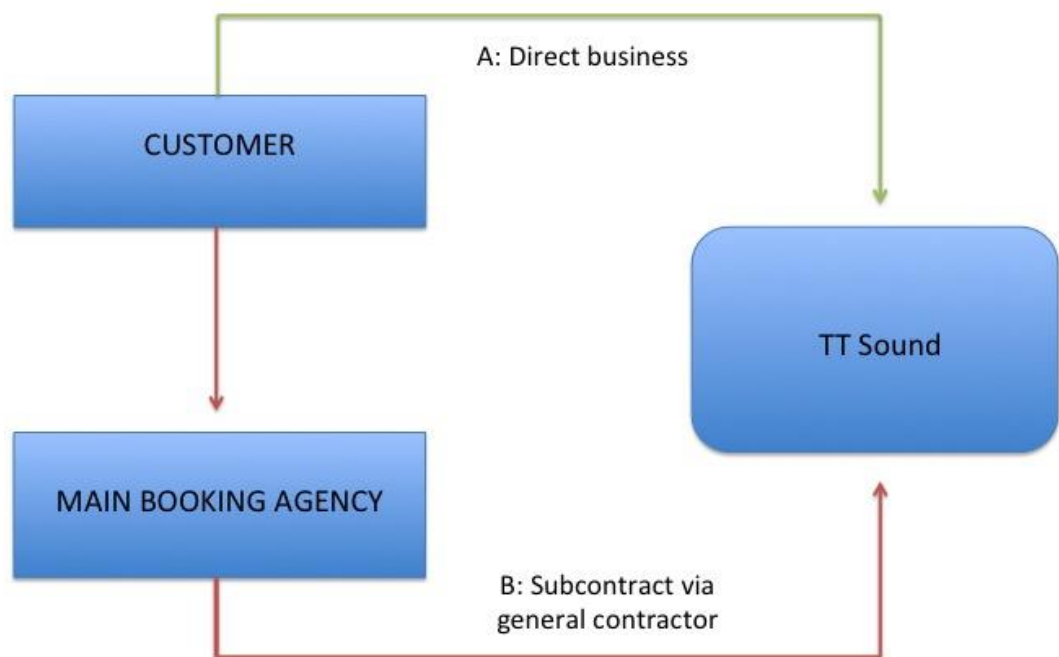


FIGURE 1. TT Sound value chain.

TT Sound's first official extended fiscal year between August 2013 and December 2014 resulted in total earnings before income and taxes worth €10500. After deductions reduced from the EBIT, taxable income reached approximately €8500. Due to the company's short age and inexperience, further knowledge related to domestic taxation and general business regulations is in great demand and state of high priority. The study will help its endeavors to develop as a company and a potential future employer as well as descend the threshold of stepping into independent accounting as due to the lack of accounting skill, the company relies strongly on outsourced bookkeeping service. The current logo was introduced in December 2014 (Appendix 2.)

1.2 Personal input and objective

The motivation for the thesis derives from lack of research within the subject area. Available researches primarily focus on larger-scale enterprises rather than micro-sized firms, which emphasizes the attractiveness of a study considering modern sole proprietorship. Further interest is gained from author's personal business endeavors; being a novice sole proprietor brings forth both responsibility and pressure. Author's appetite for knowledge regarding the subject is agitated by the fact that understanding the procedures of business maintenance plays a huge role in entrepreneurial aspiration.

The objective is to aid the fresh entrepreneurs that are facing difficulties in understanding the taxation system and comprehending long-term obligations involved in the enterprise maintenance. The research strives to elaborate financial reporting, taxation pattern and other general liabilities that a sole proprietor is subject to in addition to clarifying the complex terminology centered around these phenomena. The outcome of the thesis seeks to elucidate which factors distinguish sole proprietorship as a beneficiary company form and at which point establishing one is a profitable decision.

The thesis serves an important role in the midst of internationalizing Finnish economy. Tilasto & Trendit (2013) reported that the amount of businesses owned by foreigners has been increasing 25% between 2008 and 2011 and is still on the rise. In the same year (2013), Helsingin Sanomat denoted that immigrants possess a higher tendency to engage in entrepreneurship. In 2007 the annual report by the Ministry of Trade and Industry (now replaced with Ministry of Employment and the Economy) reported the following figures of capita per immigrant-owned enterprise in large municipalities with population over 35000. The chart depicts how many citizens per immigrant-owned enterprise are in the corresponding municipality (population divided by the amount of immigrant-owned enterprise), smaller number indicating a larger amount of these enterprises in relation to the population.

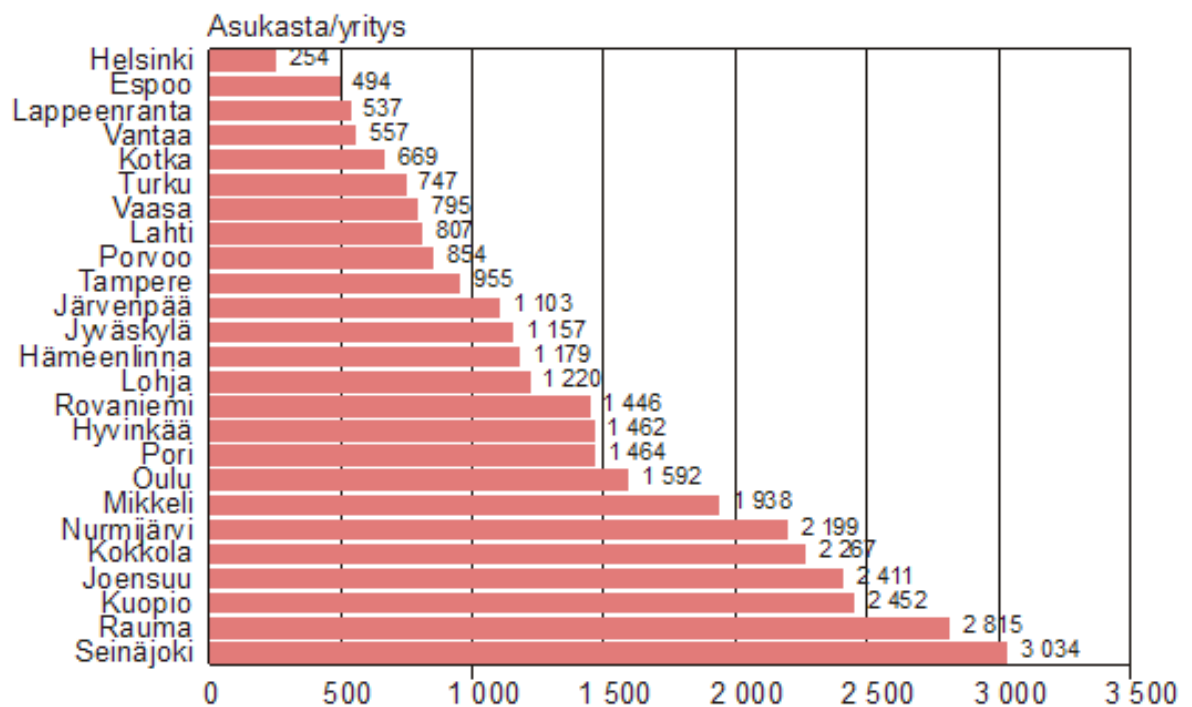


Figure 2. Capita per immigrant-owned enterprises in large municipalities (Ministry of Employment and Economy, 2008).

1.3 Methodology

Qualitative research pursues to administer an exploratory and broad description of the study. It relies primarily on inductive approaches that seek to understand phenomenon based on perspective of those that have experienced it in form of words (Mills & Birks 2014, 260). Data collection strategies involve narratives, literature and document analysis (Burns & Bush 2006, 202). Interviewing is another typical qualitative method as described by Hirsjärvi, Remes and Sajavaara (2007, 130). Opposed to qualitative, quantitative method provides a less wide hypothesis with its findings based on figures, numbers and general statistics. One can describe qualitative as an exploratory research, whereas quantitative acts as a more conclusive approach. (Cateora, Gilly and Graham, 2009, 223).

The research follows a strictly qualitative approach, for the result does not seek to answer a specific question by a simple yes or no statement, but merely elaborate a large-scale process. Data is collected from various text sources involving brochures, books and experts' examination reports. Majority of the material regarding the business laws and regulations is available online on official governmental pages such as Finnish Tax Administration. Finlex Data Bank covers the judicial and legislative information surrounding the business world. Several other online sources, Yrityssuomi (Enterprise Finland), Yritys- ja Yhteisötietojärjestelmä (Finnish Business Information System) will also be utilized for accurate information. These modern websites benefit the research by providing their data in three languages: Finnish, Swedish and English, which tones down the threshold of unofficial translation.

Inquiries for specific information or correctives were sent via email to corresponding authorities. Further entrepreneurial insight was received from several responses to an e-mail based questionnaire sent to various sole proprietors, each representing a different field of business across Finland. Questions were presented in open-end format, which allows the respondent to freely speculate feelings, thoughts and opinions on the matter. In-depth personal communication with an individual may well provide effective contribution for the study with lesser re-

sources required and acts as a bridge to receive data based on experience. The questionnaire serves as an empirical approach to the study. (Cateora, Gilly and Graham, 2009, 224; Mills & Burks 2014, 260).

2 BACKGROUND

2.1 Role of SME's

In 2013, Finland had a total of 283 290 enterprises, excluding agriculture. 98,9 % of these companies employed less than 50 people. For a decade the main source of employment have been these small medium enterprises. Between 2001 and 2012 SME's were responsible for providing employment for over 100 000 personnel. Thus, statistics confirm the statement that SME's, including sole proprietors, have a large impact on the employment rate and general economy (The Federation of Finnish Enterprises, 2015). Kiema S, (2008) has also provided support for this statement in her article for Statistics Finland, declaring the great increase of personnel in SME's and describing them as "the foundation of Finnish economy".

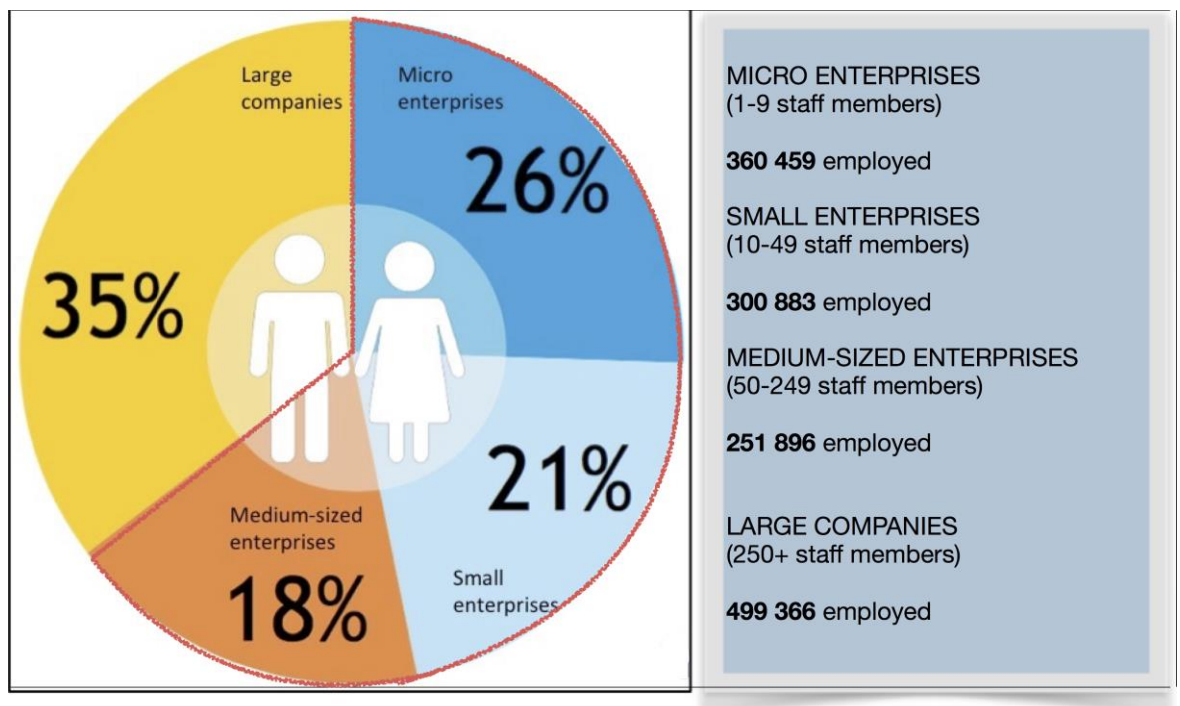


Figure 3. Staff Division of Finnish enterprises by size in 2013. (Yrittäjät.fi)

2.2 Sole proprietorship

Enterprise Finland (2015) describes a sole proprietor as the sole owner of the business, working alone or with his/her spouse, having exclusive control over the business and thus being fully responsible for the enterprise with his/her persona. Withdrawal of sole proprietor funds are private, which practically means that the money business earns is concurrently the owner's personal money. The owner does not pay himself wages. In consensus with Enterprise Finland, Rinne (2012, 5) indicates that the primary factor that distinguishes sole proprietorship from other business types is the ownership (by one, single person) and highlights the importance of delving into the distinguishing factors when planning on becoming self-employed.

According to Finnish Tax Administration (2014), a natural person that is resident in the European Economic Area may become a sole proprietor in the republic of Finland. A person living outside the EEA requires a license from the Finnish Patent and Registration Office for establishing a business. A minor may become a sole proprietor with his/her guardians consent. Various translations such as sole trade, private entrepreneur and sole proprietorship exist to describe the form of business (toiminimi) run by a private trader, sole trader, sole proprietor or self-employed (yksityinen elinkeinonharjoittaja). Throughout this piece, the thesis author refers to the business entity as sole proprietorship and its owner as sole proprietor.

Given its increasing amount and position in the staff division chart, sole proprietorship has established a reputation of a popular way to conduct legal business. In July 2015, the amount of sole proprietorships in the Trade Register was exactly 212 454, as stated in their e-mail response to the author's question regarding the matter (Pilli-sihvola, 2015). The following figure shows how throughout the recent years, the amount of sole proprietorships in the Finnish Trade Register has increased in up-trendline,

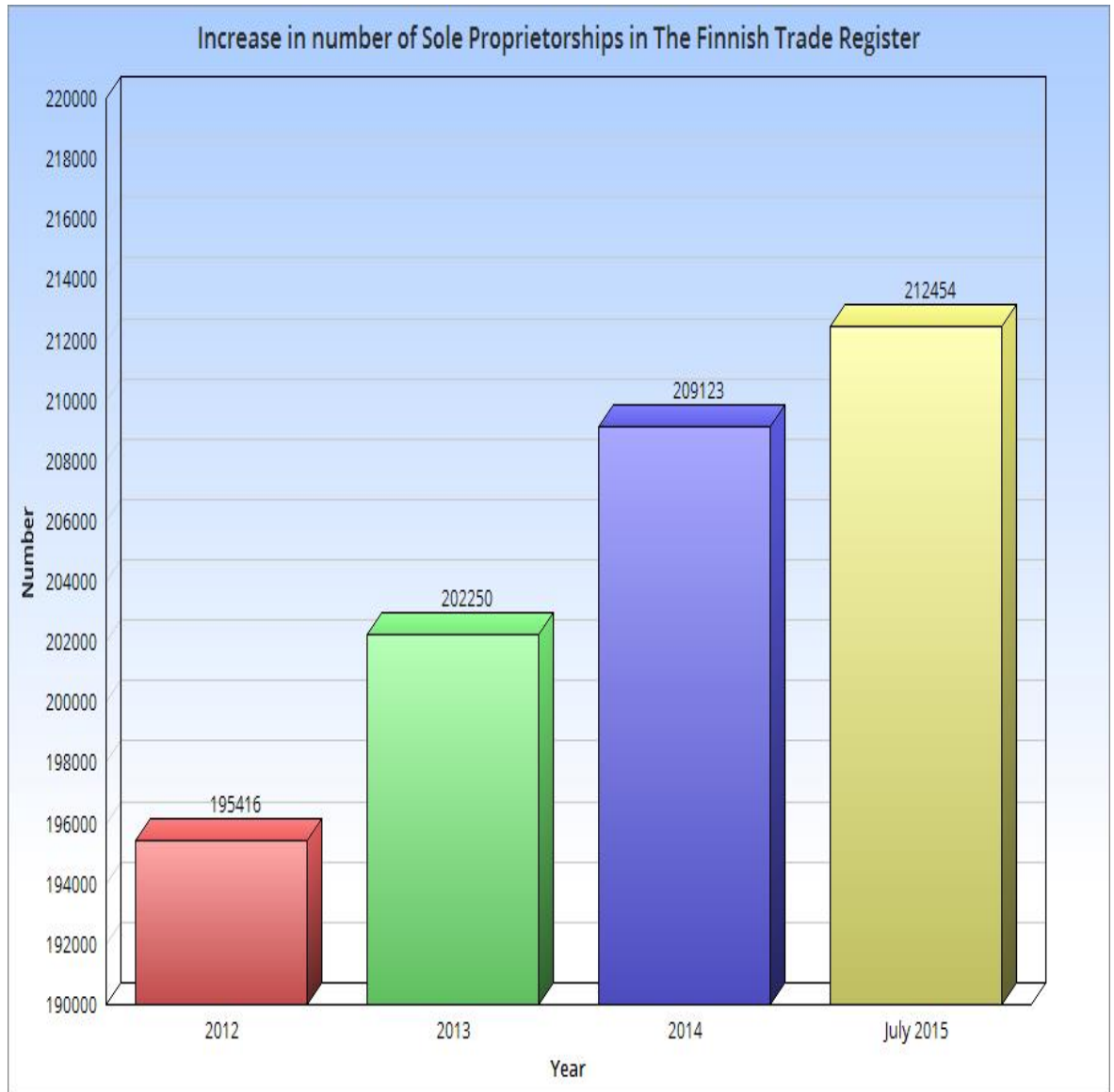


Figure 4. Increase in number of sole proprietorships in the Finnish Trade Register (Finnish Patent and Registration Office 2015).

2.3 Threshold of establishment

The concept of establishment is often exaggeratingly misinterpreted as overly time-consuming and challenging due to excessive paperwork and complex nature of terms involved. As Yrityksen-Perustaminen (2014) states in their web article, plenty of information is available regarding the subject, but the sheer complexity of the language heightens the reluctance on entrepreneurial endeavors. Words such as trade register, value added tax liability, licensed trade, periodic tax return, appeal submit and payroll service appear as highly bizarre terminology to an inexperienced bystander. Each of the survey respondents claimed to have required assistance to some extent when carrying out the establishment procedure, mostly in filling documents and estimating revenue. Do (2015) and Väliky (2015) described the assistance from local office of Finnish Enterprise Agencies to have been an essential part for their initial steps in establishing the business.

2.4 The advantages

As the simplest form of business, sole proprietorship offers a certain degree of advantage assuming the operation is limited, without the requirements for additional licenses, wide inventory and frequent business transactions. A small income company may file periodic tax returns annually or quarterly, which is relatively frugal in terms of accounting expenses. Further comfort emerges from a relatively simple taxation pattern and accounting procedure. In addition, the company can be frozen or set into hiatus if inactive periods become apparent (Yrityksen-Perustaminen, 2014). Additional benefits arise from a relatively low establishment fee, €110 in 2015 (Finnish Patent and Registration Office, 2015). Johansson (2012) and Warren (2013, 2) also highlight the redundancy of capital as a soothing factor.

3 ESTABLISHMENT PROCESS

One of sole proprietor's benefits is the relatively easy establishment process that can be narrowed down to two main steps: Setting up a bank account for the business and filing the Y3 notification form to the Finnish Patent and Registration Office. However, a set of various decisions have to be made prior to this and the regulations connected to these decisions such as naming the company and signing into proper registers must be understood to complete the process. This chapter elaborates the establishment procedures from the very start to finish.

3.1 Brand importance

Any operating business requires a name that is listed in the Finnish Business Information System. The name is a key factor in business attractiveness, which arguably highlights the importance of branding. Brand refers to a name that the consumer attaches to a product category. A recognizable name or title is easily adaptable and a core agent in establishing a successful brand. (Maandag, Puolakka, 2014, 8-21; Keller, Lehmann, 2005, 2).

The Six C's of branding consists of aspects of the company title that contribute positively to the company's image. The Six C's is a solid example of how innovative thinking can have positive impact on business and how little effort may enhance corporate image. The following figure illustrates The Six C's of branding.



FIGURE 5. The Six C's of branding illustrated by Liisa Puolakka (Mandaag & Puolakka, 2014)

Based on these findings, a business name is a crucial decision and ought to be considered a high priority during establishment process, especially if it has plans for full-time operation and frequent transactions. A title must however follow the conditions listed by the Finnish Patent and Registration Office.

3.2 Registration conditions

In order to qualify in the registration process the sole proprietorship name must possess adequate requirements. Typically it includes the name of the owner with an indication "Tmi" (abbreviation for toiminimi) or simply "Toiminimi" followed by the owners name. However, the indication is not mandatory. Considering the owner is called Jaakko Nieminen, all the following names are adequate sole proprietorship titles:

Toiminimi Jaakko Nieminen

Tmi Jaakko Nieminen

Jaakko Nieminen

Finnish Patent and Registration office (2011) lists the following factors as ground-work for title approval:

3.2.1 Individuality

The title must individualize the business. It cannot include any of the following:

- A simple indication of the type of business (e.g. Car Wash)
- Name of the services or goods provided (e.g Motorparts Wholesaler, Chimney Cleaner)
- Common first or family names (Mark, Matti, Joonas)
- General place-names (A company called Tampere or Vaasa is not valid)
- Combinations of letters or figures that cannot be interpreted as words (FDGL, 1267 TLX)

- Phrases or utterances (I Do It Best, You got it, Good Price)

A company cannot obtain exclusive rights to these titles through registration. Something else such as a place name, person name or an inventive word has to be added to them in order to meet requirements.

3.2.2 Distinctiveness

The company name cannot bare excessive resemblance to a name that has already been registered. The registration authority has to be able to distinguish the names properly. Similar writing or pronunciation should be avoided. Different indication will not justify the usage of the same name.

Example 1: "Fasshion" has identical pronunciation to "Fashion" and thus cannot be registered.

Example 2: "Hestec" is not a valid name if a limited company called "Hestec Ltd." already exists.

3.2.3 Non-confusability

A company name cannot be overly similar to another protected name, secondary symbol or trademark. Traditionally rejection by confusability is likely if similar titles appear in the same line of business. The owner of a potentially conflicting company may allow registration of a similar newcomer by providing his or her consent in written form. The deed of this consent must be attached to the registration notice (Y3 form, appendix 2).

Example 1: "HP Install" and "HP Installation" are confusable in the same line of business.

Example 2: "Pro-Go" and "Pro-Go Finland" are also considered confusable in the same line of business.

Example 3: "Euroshopper Drinks" would not be a legitimate name due to an existing food retailer Euro Shopper.

3.2.4 Family names

Without authorization, a company cannot use a title that could be interpreted as the family name of a legal person. The registration authority traditionally declines names that are considered solely family names and have no specific meaning. First names can be used freely.

Example 1: "Motorparts Kalle" is a legitimate title.

Example 2: "Candy Shop Nieminen" requires that the owner's family name is Nieminen.

Example 3: "Metallipaja Häkä" despite including a potential family name is likely to get approved, since "Häkä" has an alternative meaning of carbon monoxide.

3.2.5 Copyright and public validity

Absent permission, a business name may not contain anything that could be interpreted as:

- An artist name, or the title of protected literary or artistic work
- The name of an association, foundation or identical organization
- A protected international or national designation, or abbreviation of designation

The name cannot bare incongruity with morality or public order. Swear words, slurs or references to illegal phenomenon are prohibited. Each newly applied business name is examined and inspected by The Patent and Registration authority individually before approval.

Due to the previously listed conditions, it is always advisable to research whether the planned name is already in use. Finnish Business Information System at www.ytj.fi has a search engine for such purposes. Poorly conducted research, resulting in a possible rejection by the authorities slows down the business engagement. The Y3 form also requires a secondary title in case the primary title will not get approved.

3.3 Establishment Measures

The following sub-chapter explores the measures, terminology and necessary action involved in the registration process. In order to set up the enterprise, one must comprehend the subsequent wordage. The descriptions are based mostly on information available on the The Finnish Tax Administration website.

Before taking the initial steps of registration, one should carefully inspect the industry-bound licenses in case such are needed in the field of choice. Finland's freedom of trade refers to individual's right to engage business operation absent authorital permission. Departing from this, certain industries require a permit for either environmental reasons, customer safety or community standards. Such include for example catering industry, healthcare profession and show business involving copyrighted records. Permits or licenses granted by local authorities are bound to their respective industries and must carefully be researched before engaging the operation (Finnish Enterprise Agencies, 2015, 27)

The following table illustrates the authorities granting permits and licenses to specific industries.

Table 1. License and registration authorities by industry (Finnish Enterprise Agencies, 2015)

| INDUSTRY | LICENSE / REGISTRATION AUTHORITY | WEBSITE |
|--|--|--|
| Inspection of vehicles | Finnish Transport Safety Agency - Trafi | www.trafi.fi |
| Car repair shops | | |
| Driving schools | | |
| Firearms dealing | Finnish Police Administration | www.poliisi.fi |
| Security companies | | |
| Private social services | The Finnish Regional State Administrative Agencies (National Supervisory Authority for Welfare and Health - Valvira) | www.avi.fi (www.valvira.fi) |
| Private healthcare services | | |
| Right to use sponsors' marks on precious-metal products | Finnish Safety and Chemicals Agency - Tukes | www.tukes.fi |
| Electrical and lift contractors | | |
| Mining operations | | |
| Large-scale industrial processing and storage of hazardous chemicals | | |
| Serving alcohol drinks and sale of alcoholic drinks | The Finnish Regional State Administrative Agencies | www.avi.fi |
| Transport of patients | | |
| Estate agents | | |
| Manufacture, import and wholesale of alcoholic beverages | National Supervisory Authority for Welfare and Health - Valvira | www.valvira.fi |
| Pharmacies, pharmaceutical plants, pharmaceutical wholesale businesses | Finnish Medicine Agency - Fimea | |
| Credit, financing and investment activities | Financial Supervisory Authority | www.finanssivalvonta.fi |
| Debt collection | The Regional State Administrative Agency of Southern Finland | |
| Goods traffic, public transport and community permits | The Regional State Administrative Agency of South Ostrobothnia | www.ely-keskus.fi |
| Taxis | Centres for Economical Development, Transport and The Environment (ELY) | www.ely-keskus.fi |
| Telecommunications | Finnish Communications Regulatory Authority - Ficora | |
| Tobacco products | Local authorities | www.kunnat.net |
| Minor industrial processing and storage of hazardous chemicals | Rescue services | www.pelastustoimi.fi |
| Insurance agents and brokers | Financial Supervisory Authority | |
| Package-tour companies | Finnish Competition and Consumer Authority | www.kkv.fi |

3.3.1 Requisites for operation

Companies require their own operating bank account. A sole proprietorship account distinguishes from general partnership, limited partnership and other primary company forms in terms of asset distribution: The proprietor's earnings are not separated into personal and corporal assets. Instead company earnings equal the owner's personal earnings. However, business related transactions must be separated from personal money traffic and therefore creating a dedicated account is advisable as it eases the tracking of transactions. (Finnish Tax Administration 2014; Finnish Enterprise Agencies 2015)

Despite the assumption of excessive paperwork, only one document is needed for the registration. Y3 forms are available at Trade Register PatRek customer service, Local service (maistraatti) and TE Office (Työ- ja Elinkeino toimisto). It is also available online on The Business Information System website at <https://www.ytj.fi/english/services/Notification-forms>

The Business Identity Code, commonly known as Business ID (y-tunnus) is an authorized code granted for organizations and businesses by the officials. The code consists of seven numerical digits, a dash and a check digit (e.g 1234567-9). The ID is provided once the foundation of a business is recorded in the BIS. It is required on invoices and contracts (See appendix 5 for invoice template). (Finnish Tax Administration, 2014).

3.3.2 Registration of sole proprietorship

Once the company bank account has been opened, the entrepreneur must meticulously fill the Y3 form (Available online at: <https://www.ytj.fi/palvelut/y-lomakkeet/perustamisilmoituslomakkeet>). Currently the form is available and returnable in English. "Sector of business to the Trade Register" needs to be filled in either Finnish or Swedish. (Appendix 2). As filling the document, the entrepreneur must decide whether to request the business to be signed into various registers administered by The Tax Administration and Trade Register. The Finnish Trade Register is a public register storing information on domestic companies and businesses. All businesses with the exception of sole proprietorships must be signed to the trade register. A sole proprietorship must report its registration here only if:

- It operates in a licensed trade
- Operation takes place in permanent premises, for example in a room separate from the entrepreneurs home

Despite being non-mandatory, signing into The Finnish Trade Register is advisable, since it gives exclusive rights for the firm name, enables minor juridical benefits such as credit warranty and makes the business easier to find, providing visibility. In 2015, the registration fee is €110. Receipt of the payment must be attached to the registration notice. The document is then returned to The Tax Administration or Finnish Patent and Registration Office. Once the business is registered into the BIS, Business ID will be received and operation may start (Finnish Patent and Registration Office 2015; Finnish Tax Administration 2014; Finnish Enterprise Agencies 2015)

3.3.3 Summary

The previous paragraphs listed the specifics involved in the registration process. To clarify these steps, priority is the following:

- A company bank account is set up to separate business related transactions from personal transactions. A new current account will suffice.
- The Y3 form is filled: Attention must be paid on which registers the business will be signed into, possibilities being Trade Register, VAT Register, Pre-payment Register, Employer Register and Register of payers of tax insurance premiums. Trade Register is not mandatory for a sole proprietor with a few exceptions but doing so in any case has several benefits. Another important point is the estimation of sales on which advanced tax will be based.
- After The Y3 form is mailed to The Patent and Registration Office, Business Identity Code is received in approximately 2 days.
- When the business has a valid ID, operation may start. Invoices require the ID.

The following figure demonstrates the steps and relevant actions.



Figure 6. The establishment steps of sole proprietorship.

The establishment process, despite having a complex tone to it, is a fairly simple procedure considering the small amount of required action, which is narrowed down to roughly two steps: Opening a bank account and filing the set-up notification. Potentially difficult aspects consist of proper filling of the Y3 form which requires estimation of sales revenue, specific industry classification and signing into various registers depending on what the business is going to do and which regulations apply to the industry in question.

4 TAXATION

Understanding the taxation pattern brings up the security of acknowledging the financial status of the firm and enables the utilization of several tax benefits that sole proprietor is subject to. The concept of taxation is a priority for any entrepreneur, regardless of the company form.

4.1 Basic information

Britannica (2008) describes taxation as compulsory contribution of levies retributed by individuals or entities, mainly to raise revenue for government expenditures. Bishop (2009) offers a wider perspective on the subject by suggesting that previous description applies only to modern taxation, since the process of collecting refunds dates far back to the ancient Roman era. Tax collection has been labeled as a crucial ingredient for state's economic wealth. Tax efficiency, from the viewpoint of a taxpayer consists of pursuit in economic activity that leads to a route with lowest possible tax burden. (Economist, 2015; Bräutigam, 2008, 2).

In Finland, the business pays income tax based on its taxable income. Income tax is paid in advance and, if necessary, in arrears and as supplementary payments. The taxation of income is affected by the form of the enterprise. (Finnish Enterprise Agencies, 2015, 32).

4.2 Income tax

The income earned from a sole proprietor's business is taxed as his/her own income. The enterprise's income is divided into earned income and capital income on the basis of its net assets.

- Net assets = Assets of the business – liabilities

Capital income = Income from sales of assets, rental income or returns on capital. In 2015, the tax on capital income is always 30%. (The Finnish Tax Administration)

Earned Income = Includes, amongst other things, wages, salaries, pensions, benefit (benefits in-kind, for example company flat for employees) and other payments. Tax on earned income is progressive, ie. The tax percentage rises as income rises. Simply put, high earners are taxed more. (The Finnish Tax Administration 2014)

A sole proprietor's tax burden centers around earned income, since it covers majority of its revenue. Capital income is 20 % of net assets for the previous year and the rest is earned income. By preference, the entrepreneur may decide that capital income equals 10% or even 0%, leaving all of the income taxed as earned income. The latter option is selected by majority of Finnish sole proprietors. (Finnish Enterprise Agencies 2015, 38)

If spouses work in the business together, the business income is divided between them. The earned-income share of the business's income is divided between the spouses in proportion to their work contribution, and the capital income share according to their share of net assets.

Tax on the capital-income share is calculated at the rate of 30%. The earned-income share is added to other earned income of the entrepreneur, and the entrepreneur pays tax on the total earned income figure according to the progressive

tax scale. The income taxation is demonstrated in figure 7. (Finnish Enterprise Agencies 2015, 38).

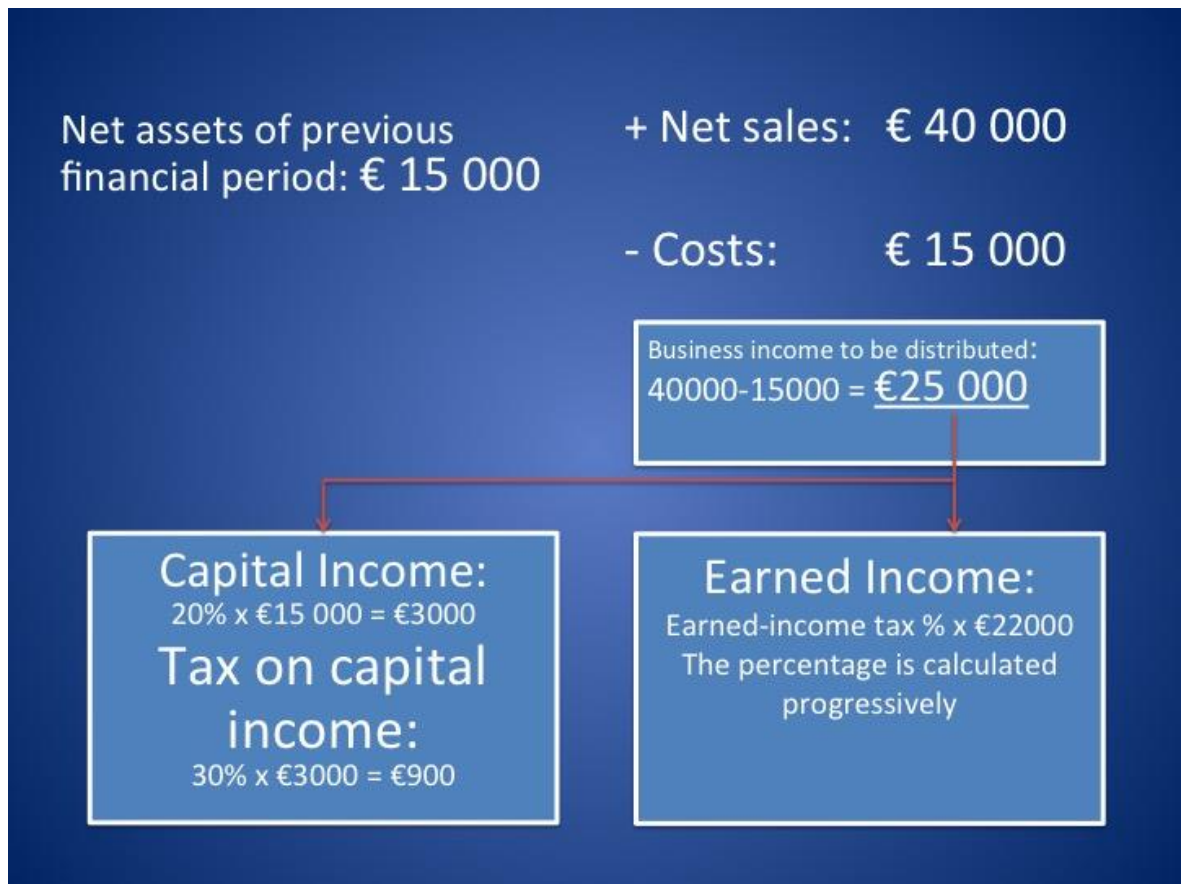


Figure 7. Demonstration of sole proprietorship income taxation

4.3 Value-added tax

Value-added tax (VAT) is a tax on the purchase price. It is a price tariffed in addition to the original price, which is accounted for the government (Mäki & Strömberg, 2014, 12; Bishop 2009, 269). VAT is generally paid monthly on the basis of sales and purchases. The form of the enterprise is not relevant when considering VAT. Instead it depends on the product or service. VAT is applied at dif-

ferent rates to different products. The latest rates were introduced in January 1st, 2013 (Finnish Enterprise Agencies 2015, 40-41).

- Standard rate 24%,
- Cultural services and events, medicines, passenger transport, hotels, books and magazines 10%
- Restaurants, catering services, foodstuff, animal feed 14%

Selling services or products that include value-added tax makes company liable for VAT registration. The registration request occurs during establishment via Y3 form (appendix 2). However, if net sales do not exceed €8500 during a 12-month financial period, business is not liable for VAT registration (Finnish Enterprise Agencies 2015, 40-41; The Finnish Tax Administration 2015).

4.4 Tax deductions

Deduction is a reduction of taxable income, generally resulted by expenses and specifically expenses that contribute to further revenue (Piper, M, 2009, 14-17). Simply stated, deductions decrease the amount that is being taxed. The higher one's income rises, the greater impact deductions have (Lowry 2015, 2-3). Entrepreneur has several deduction possibilities depending on the business industry and circumstances. It is vital to understand the basics of these rights in order to ease the burden of income taxation and thus lower the payments directed to the Tax Administration (Zervant, 2014). The following list compiles the most generally applied deductions of which acknowledgment is beneficial for sole proprietor as stated by survey respondents, Zervant (2014) and Rinne (2014, 21-28).

Purchase /**Other deductible business cost**

Goods, services and products aimed at the purposes of business utilization are deductible. Pencils, notebooks, work laptops and printing paper fall under this category. Industry-bound products such as IT software require involvement in corresponding business operation

Commuting expenses

Travelling expenses relating to business meetings, educational visits or advanced training are deductible. A commuting journal is required as a validation document (Example: Appendix 3.)

Work room deduction

If relatively large portion of work flow is conducted at home, the individual is entitled to a work room deduction. The amount depends on time put in and revenue generated.

Representation expense

A 50% deduction grant applies to customer meetings, presents or refreshments (in reasonable fashion) aimed to improve CRM.

Example 1: TT Sound, as part of the DJ performance, must obtain an annual license from Gramex and Teosto, two organisations protecting intellectual properties of performers and composers in Finland. License grants permission to play copyrighted records in public venue. This annual 212,14-euro fee is an industry-bound license and therefore a deductible expense. Work room deduction is also implemented as TT Sound works part time at home. In 2015, this deduction is worth €410. Over 90% of the firm's income is generated outside the home municipality, which highlights the importance of the commuting expense deduction (demonstration in appendix 3).

Example 2: Aatto Kuvanen, under his sole proprietorship Tmi Kuvanen, works as a photographer and a graphic designer, using Adobe Photoshop software for image manipulation. The software is industry-bound and thus an acceptable deduction. Work room deduction is also implemented, for he works at home.

5 FINANCIAL STATEMENTS AND BOOKKEEPING

5.1 Definition and function

Weygandt, Kieso and Kimmel (2008) describe bookkeeping as the activity of keeping records of the financial affairs of a business, which serves as a proof of enterprise's economic animation. In consensus with their claims, Warren (2013, 5-10,) describes accounting, an alias for same activity, as information system providing stakeholders necessary intel on economic traffic and business status. One can therefore reason that the main priority of a sole proprietor's bookkeeping process is to deliver precise and legitimate records of financial performance, government being the primary stakeholder.

5.2 Bookkeeping liability

Any type of company or organization conducting business trade in Finland is legally bound to keep accounts as stated in the Finnish Accounting Act (1 §, 1997). The bookkeeping may either be outsourced to an accounting professional or done on one's own. A sole proprietor, depending on the scale of the business may well suffice on his/her own if willing to assimilate the necessary steps involved. Self-conducted bookkeeping is also a cost-reducing factor (Lehkonen 2012). A choice can be made between two types of bookkeeping, single-entry and double-entry. Single-entry, involving only the income and expenditure records is a simplified and more feasible option, considering the scale of business (see figure 8). Double-entry is based on a system in which every transaction has two effects: As one account is debited, other one gets credited. Having single-entry bookkeeping also obligates the business to implement one-year accounting period (Aromäki, 2015; Vause, 2015). Yrityksen-perustaminen (2014) strongly implies in their web article that single-entry is a much more favorable option in terms of time and effort and Aromäki (2015) draws a similar conclusion by declaring it "slightly more simple". Judging by the previous statements, single-entry is a less consuming method of

keeping accounts. Assuming the desired accounting period is 12 months, double-entry cannot be implemented. Finnish accounting principles conform to EU directives and generally accepted accounting standards (GAAP) demonstrated in figure 6.

5.3 Accounting period

Accounting period is a timeline from which company is obligated to report its financial performance (Tomperi, 2011, 13; Warren 2013, 23). For a sole proprietor this period generally stands at length of 12 months, but the first period may be extended to a maximum of 18 months (Finnish Tax Administration, 2015). At the end of the period, the accounting records from that particular period are provided to the Tax Administration, and the business is taxed based on these documents. Extract of account taken from online bank service contains information on money transaction, but does not specify recipient, type of service nor other specifics such as VAT figures in deeper detail. Therefore copies of all vouchers, cash receipts and invoices must be provided along. The entrepreneur is responsible for the legality of the records (Työvoima- ja elinkeinokeskus, 2007). Tomperi (2011, 16) and Lehkonen (2012) further emphasize on the importance of maintaining the order of the records by date due to easiness of finding any specifically needed record and thus alleviating both entrepreneurs own and accountants effort.

Example: If a sole proprietorship was registered in October 2015, it may choose to extend the accounting period until the end of December 2016 in order to fit it in a full year scale hence. Copies of all vouchers, cash receipts and invoices must be stored and reported at the end of the accounting period. Single-entry bookkeeping will be implemented due to having a 12-month financial period.

The following figure demonstrates the single-entry method over a 12-month accounting period.

Tmi Jason Brown**1.1.2015 - 31.12.2015**

| DATE | DESCRIPTION | INCOME (€) | EXPENDITURE (€) | TAX (€) |
|-------|------------------------------|----------------|-----------------|---------------|
| 1.2 | Invoice 1: Virtanen | 300,00 | | |
| 4.3 | Office table purchase | | 150,00 | |
| 1.4 | Advance tax | | | 100,00 |
| 18.5 | Invoice 2: Nieminen | 300,00 | | |
| 13.6 | Office equipment purchase | | 50,00 | |
| 24.7 | Invoice 3: Virtanen | 300,00 | | |
| 12.8 | Invoice 4: Mäkelä | 300,00 | | |
| 3.9 | Advance tax | | | 100,00 |
| 10.10 | Office equipment purchase | | 20,00 | |
| 8.11 | Invoice 5: Johnson | 300,00 | | |
| 31.12 | Invoice 6: Smith | 300,00 | | |
| | TOTAL | 1800,00 | 220,00 | 200,00 |

Figure 8. Simplified demonstration of a single-entry bookkeeping over a year-long accounting period (Aromäki I, 2015)

5.4 Financial statements

At the end of the accounting period, financial statements and final report are generated. Required statements for a small business are balance sheet, profit and loss account and the notes to the financial statements. Sole proprietor is not subject to annual report of activities, which covers a brief explanation of events during and after accounting period and an estimation of future development, nor an audit, which is an inspection of accounts done by an approved auditor. (Salmi 2012, 87-88; Tomperi 2011, 167; Finnish Enterprise Agencies 2015, 37)

Balance sheet: A statement of the assets, liabilities, and capital of a business summarizing the balance of income and expenditure of the preceding period, illustrating the economical status of the firm as of a point in time (Warren 2013, 13; Salmi 2012, 63).

Profit and loss account: A statement summarizing the revenues, expenses and costs occurred, illustrating the loss or profit of the company generated over a certain period. May also be referred as income statement. (Warren 2013, 11-12; Salmi 2012)

The following figure illustrates the financial statements categorized under the GAAP, Generally accepted accounting principles.

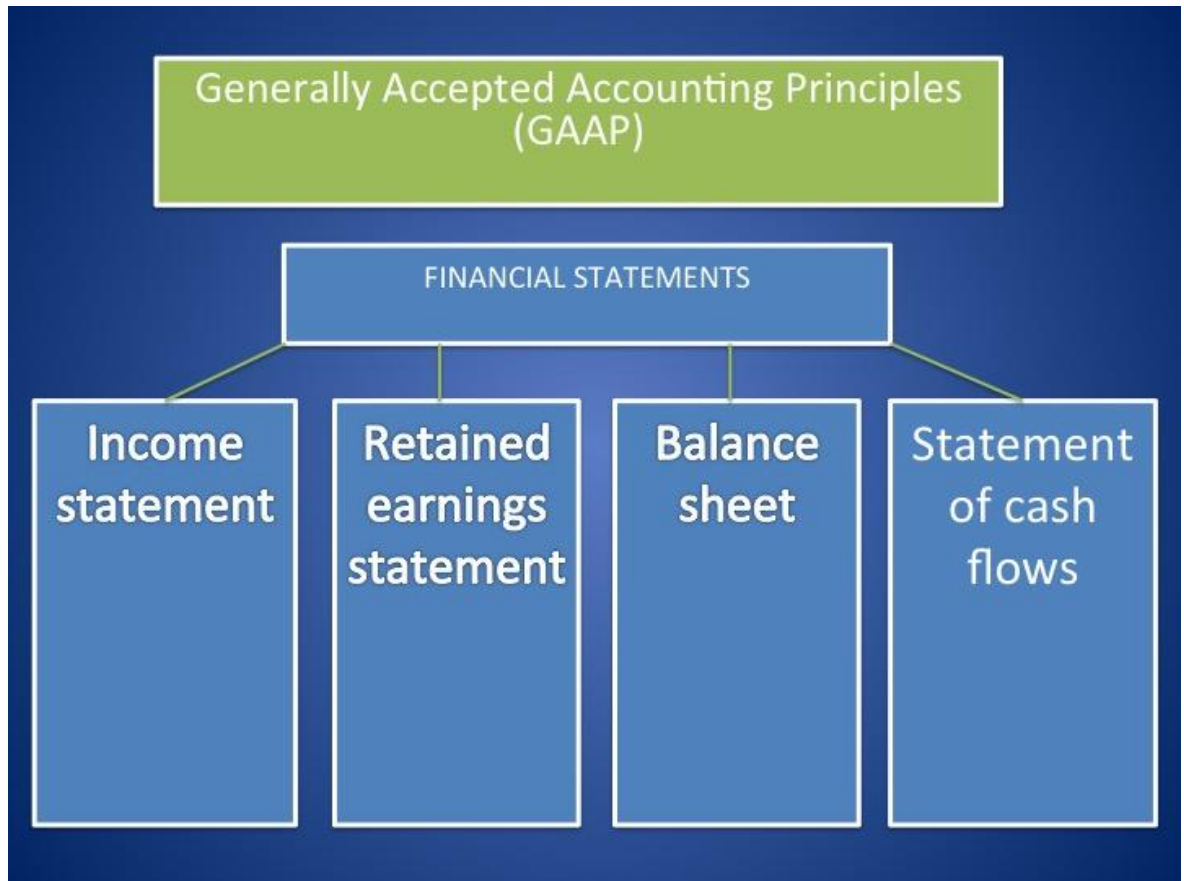


Figure 9. Generally Accepted Accounting Principles (Warren, 2013). Small enterprise is subject to reporting income statement and balance sheet.

On the grounds of previously stated obligations involved in the accounting liability, an outsourced bookkeeping agency is a highly recommended service to hire unless the entrepreneur has required expertise or will to become acquainted with the practicalities. A similar conclusion was drawn by the survey respondents, of which none carried out the accounting by themselves, reasoning their choice with either lack of skills or describing it as overly time-consuming. Trust and consensual relationships with the hired agency was also a prioritized factor among respondents. Amount of records depends largely on the business model: A retailer selling several products a day needs to keep records of each transaction, whereas a graphic designer may have only a handful of contracts a week, thus having less transactions to handle. Some bookkeeping agencies charge an hourly fee, whereas others have a solid price per document. The ultimate decision, whether a bookkeep-

ing agency is or is not profitable comes down to frequency of business activity, density of transactions, entrepreneurs personal skills and available time.

6 THE QUESTIONNAIRE

A qualitative questionnaire was conducted to receive data based on experience rather than mere theory, thus adding empirical injection to the research. A set of 15 questions concerning everyday operation of a sole proprietor was sent to several representatives of different business industries across Finland. The questionnaire served as an additional data collection method to support the theory-based speculations. (Questions in appendix 4).

6.1 Implementation

The questionnaire was conducted in order to clarify issues related to establishment process, taxation and accounting liabilities of a sole proprietor. The objective was to gain in-depth opinions and perceptions that both supported theory-based speculations of the research and simultaneously gave author further inspiration for segments to be covered in the thesis. As an example, several theoretical additions were added afterwards, as the less experienced individuals provided comments on the issues they are or were struggling to understand. The target group consisted of both novice and experienced sole proprietors that were able to provide valuable viewpoints and thoughts on their business matters. Each respondent represented their own line of business: graphic designer, show management professional and event organizer, shoes retailer and two performing artists responded to the questionnaire.

6.2 Questions

The questions were divided into five different categories: Initial questions, taxation, accounting, employment and closing questions. A mixture of open-ended and a few closed questions was presented. Initial questions considered introduction in-

quiry and general approaches to sole proprietorship. Since all of respondents had a common feature, the same business form, it was functional to query how did they end up choosing this option and did they consider other options at the moment of establishment. The following three categories went deeper into respondents thoughts about the obligations involved in sole proprietor's business life. The main objective was to examine the respondents' impression on generally considered hardships like tax deductions, value-added tax, bookkeeping in general and employment regulations. Closing questions conversed on their personal recommendations and advice for future entrepreneurs and the magnitude of entrepreneurship.

The author had questions pre-read by one of the respondents prior delivering the email to the rest in order to examine and confirm the clarity of the questionnaire. According to feedback, the questions were well-structured and easy to comprehend. Questions considering same topic were categorized properly and the order proceeded in a logical manner. The language was formal and generally well-written within the boundaries of professionally conducted research. Author thinks that despite logical order and comprehensive structure, the amount of questions could have been smaller. Some of the respondents might have found 15 open-end questions time-consuming, thus lowering the quality of answers. Additionally some closed questions may have possessed leading and biased language as in forcing the respondent to answer in a certain way.

6.3 Reliability

Author believes that wide range of industries, different industry-bound aspects of taxation and bookkeeping in addition to the altering level of experience contributed to tendency of different views and distinct impressions. Mills & Burks (2014) stated

that inductive approach such as this questionnaire seeks to understand phenomenon based on experience. In other words, respondents from different backgrounds would likely have different responses regarding the phenomena that questions sought to clarify. However, regardless of wide diversity, the number of respondents was left down to five. A low sample size hinders the quality of results, but has a higher effect on quantitative methods such as frequency distribution which displays the frequency of different outcomes in a sample. On the other hand, open-ended questions do not possess similar need for quantity in comparison to quantitative survey and as for their part offer an in-depth perception similar to an interview. Thus, the amount of responses collected and diverse nature of respondents offer relatively valuable data for the purposes of the study.

As mentioned previously by the author, the amount of questions could have hindered the motivation for accurate, well-thought answers from the respondents. Similarly, the slight leading tone of few questions may have reduced the quality of answers as the respondent did not have a full self-control over the answer. On the other hand, removing the specifics from certain questions would have led into vague answers that would have not served any purpose for the research.

6.4 Results

Despite the likelihood of different impressions, each respondent delivered relatively similar answers to the questionnaire. A common ground was most noticeable in the establishment and bookkeeping section.

Sole proprietorship establishment had been a fairly easy process due to help received from authorities such as local center of Finnish Enterprise Agency. Further assistance consisted of advice from entrepreneur friends and in most cases Internet. The most experienced respondent, having registered his sole proprietorship in 1994 and therefore been subject to very limited online resources, depicted his establishment process as heavily relied on assistance and instruction by Local Register Office (maistraatti) and acquaintances. Two factors clearly stood out as ob-

scurities during establishment. Respondents suggested that confusion was caused from the choice of right industry from the Standard Industrial Classification and estimating the revenue for the first fiscal period. These tasks were key factors causing need for assistance in the establishment process.

Taxation procedures, from respondents' point of view did not cause any complexities due to clear instructions from the bookkeeping agency, which each entrepreneur had hired. Those not being subject to VAT found it comfortable not having to calculate prices accordingly and avoiding additional numbers in their invoices. One respondent stated having experienced minor illegibility with tax reductions considering commuting expenses and business purchase expenses. According to his words, The Tax Administration did not consider some of the commuting journal entries or costumes exclusively purchased for business purposes as legitimate deductions.

None of the respondents had ever carried their own bookkeeping nor possessed the will to do it, each describing it as an overly time-consuming, difficult to understand and even "waste of time for the entrepreneur" as depicted by one of them. None had the required skills nor knowledge sufficient enough to conduct the task by themselves. Each had hired a bookkeeping agency for the deed and emphasized on how they never regretted the decision to do so, common reason being the ability to focus on the business and not stressing whether the accounting process meets the legal standards.

In terms of employment, only one response was given, stating that hiring employees obligates the entrepreneur for additional paperwork caused by employment pension, insurances and salary payment. The respondent highlighted that bookkeeping agency also handles the payroll computation and therefore he hasn't been acquainted with the subject due to lack of need. As for the negative impact, employment has brought up additional expenses.

Finally, it is arguably essential to acknowledge that in case of very infrequent business transactions, or in other words having only few work contracts sparsely with

low charges, invoicing your work through an outsourced, cooperative-based service (such as Ukko, Laskutuspalvelu, Eezy) with no requirements for a business ID is a noteworthy option. One respondent stated his curiosity for such service due to lack of regular business orders and possibility of conducting his business without the obligations of a sole proprietor, since the fore mentioned service, with relatively minor charges, releases the entrepreneur from accounting liability and several time-consuming tasks. In practice, the entrepreneur can charge his expertise or product through an outsourced service that, after collecting its fee from the sum, pays the billing price as a wage.

6.5 The outcome and analysis

Numerous common perceptions were clearly present within the participants. Judging by the responses, a few conclusions could be identified: Firstly, considering the establishment measures, entrepreneurs did not find the process overwhelmingly difficult, but it is advisable to turn to the local or nearest Finnish Enterprise Agency office in search for proper information and guidance in order to go through the process seamlessly and absent confusion. Secondly, the importance of outsourced bookkeeping was highly emphasized and agreed upon by every single participant. By hiring a professional to carry out this task enables the entrepreneur to fully focus on personal business affairs rather than contributing additional hours into paperwork and simultaneously grants comfort for knowing that the legal requirements are met and financial statements are adequate. This naturally calls for absolute trust and consensus between the bookkeeping agency and the entrepreneur. Thirdly, each participant considered sole proprietorship to have been an eye-opening experience and a chance to test their abilities in practice. Establishing one is not a one-way route, meaning that if the business idea does not yield desired results, it is easy to take a step back by closing the business. Redundancy of capital and ease of starting softens the need of extra commitment. Lastly, a common view was a suggestion of entrepreneurship not suiting everyone, referring to potential lack of sufficient characteristics.

Data received from the questionnaire backs up some of the author's theory-based speculations to a large extent. Reluctance of self-conducted bookkeeping was the most visible phenomenon along with hesitation at the moment of filling the notification form due to complexity of the terminology. In both cases assistance was in great demand. On the other hand many aspects of the study were not covered in the questionnaire. Some areas were covered afterwards, based on the ideas that the author received from responses.

7 CONCLUSION

On the grounds of theory-based and empirical study, a set of beneficial factors regarding sole proprietorship can be identified.

7.1 The benefits

Sole proprietorship is a relatively cost efficient and effortless business form to operate. The benefits are noticeable in various segments involved in running the business. Establishment process is seamless due to low amount of action required, which can be categorized into two main steps: Creation of a business account and filing of set-up notification. The singular expense comes from optional registration to The Finnish Trade Register that costs €110 in 2015. Simply put, the need for capital is very low in comparison to other business forms (e.g capital associated with a limited company is €2500 at minimum.)

Taxation features a few privileges as the entrepreneur is presented options for example on how to divide the capital income tax and earned income tax. Depending on the amount of revenue generated, the choices may enable relative financial advantages. Deduction-wise, the regulations offer no distinct preferences, but awareness of utilizable reductions is highly tax efficient.

In terms of accounting, sole proprietor has an exclusive privilege to implement a so-called single-entry bookkeeping, which requires recording only the income and expenditure. This is a simplified method in comparison to double-entry bookkeeping that is required from other company forms, which is a system based on the principle that each transaction is recorded in at least two accounts – one debited, one credited. Single-entry in its simplicity lowers the threshold of self-conducted accounting for anyone interested in doing it on one's own. Despite research data suggesting that sole proprietors tend not to do this on their own, it is arguably a cost-reducing factor. Additionally, the ability to file periodic returns, for example once at the end of fiscal period, further lowers the accounting expenses. Further

relief is caused by need to generate and report only balance sheet and income statement instead of all four GAAP-bound financial statements. To conclude in a sentence, sole proprietorship's benefits lie in its paucity of bureaucracy, cost-efficiency and redundancy of full-time commitment. The following figure compiles the primary advantages and diminutive disadvantages based on the study findings.

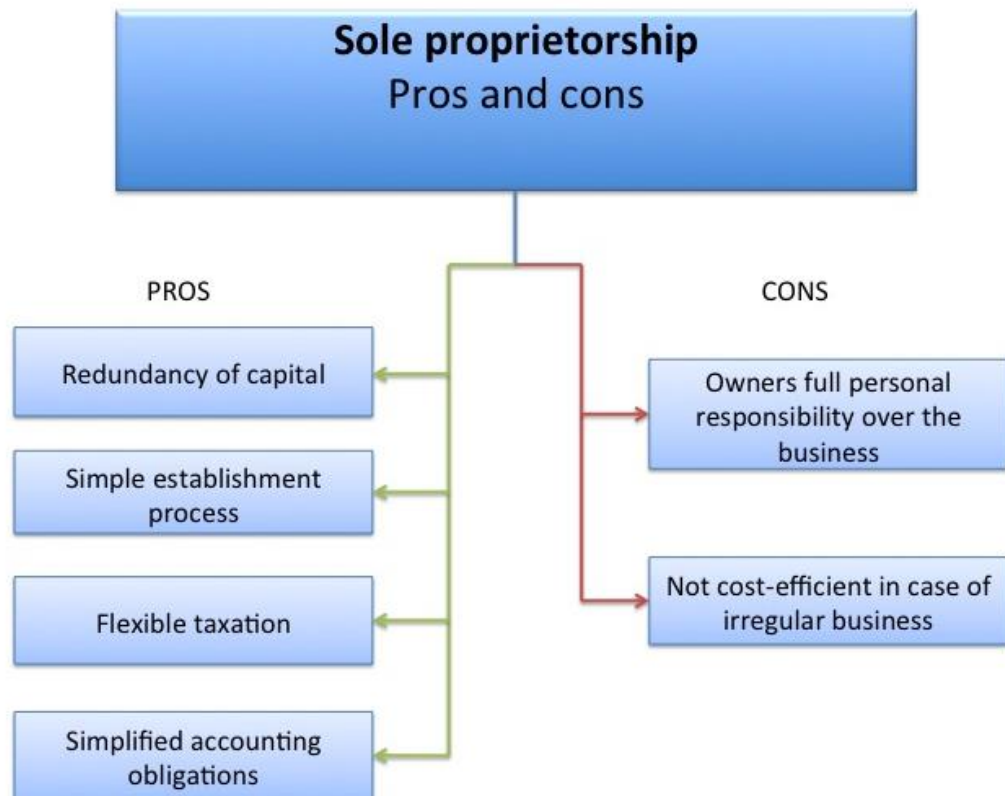


Figure 10. Pros and cons of sole proprietorship.

7.2 Establishment profitability

Given that ownership is not divided, the business being administered by a single person, acts as the foundation for choosing the form of sole proprietorship. The question whether starting sole proprietorship operation is financially profitable depends on the type and scale of business and specifically the frequency of business. In case of having irregular amount of arduous work, for example less than once a month, as a performing artist or any equivalent worker with a piecework pay (e.g €100 per performance), it is not profitable to pay the expenses connected to sole proprietorship nor commit to the obligations required, because the expenses would cover a major portion of the revenue the entrepreneur generates. Therefore essential factor in the profitability speculation is to estimate the expenses of the potential business plan in proportion to the revenue.

Irregular demand of the business or limited opportunities to conduct it due to, for example a day job, is a reasonable cause for not establishing a business. In this case a cooperative-based, outsourced invoicing service is a reasonable option. Ukko, Laskutuspalvelu, Toimipiste and Eezy among other similar companies enable the entrepreneur to work without entrepreneurial obligations, taking care of the invoicing process. The entrepreneur pays a certain percentage of the billing rate to the service and receives the rest as wage. However, with constant rate of orders and frequent business, sole proprietorship offers a relatively light way to conduct legal business with its limited requirements compared to other business forms.

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APPENDICES

Appendix 1. TT Sound Logo



Appendix 2. Pages 1-2 of the Y3 Form. Red section needs to be filled in either Finnish or Swedish.

Reset form

For official use

Y3 **YRITYS- JA YHTIÖREKISTERIÄ KÄYTTÄJÄ**

START-UP NOTIFICATION
Private trader / Self-employed

This form is for having your business enterprise entered in the Trade Register, VAT Register, Prepayment Register, Employer Register and the Register of payers of tax on insurance premiums and for enabling the tax office to calculate your income-tax prepayments depending on your estimated income.
Send the completed form to: **PIHTI - Verohallinto, Yritysverotuskeskus, PL 2005, 00031 HELSINKI**

Name of business (registration priority of the names will follow the same order as you use below)
Company Name (treated as a suggested name until the Trade Register has approved it)

Alternative Company Name 2

Alternative Company Name 3

Domicile (in municipality located in Finland) PHT

Country of tax residence of a foreign company VH

Foreign VAT number and registration code (if you have a valid registration in a foreign country)

Other company names (fill in if needed)
(Parallel names (translations of the company name into foreign languages))

Auxiliary Name

Description of activities under the Auxiliary Name

Auxiliary Name

Description of activities under the Auxiliary Name

Personal details (Complete the Personal Data Form.)

Full name of the private trader

Date of birth (dd.mm.yyyy)

Language ☐ Finnish ☐ Swedish

Citizenship (if not Finnish)

Address information for general use (postal or street address is mandatory)

Postal address (street/road, house/apartment no or PO Box no)

Postal code

Town or City

Street address (street/road, house/apartment no)

Postal code

Town or City

Telephone

Mobile phone

Fax

e-mail

Website

Accounting period

Accounting period (dd.mm. - dd.mm.)

Start and end dates of the first acc. period (dd.mm.yyyy - dd.mm.yyyy)

Requesting registration with the Trade Register or the Tax Administration

☐ Trade Register (enclose receipt proving you paid the fee)

☐ VAT Register

☐ Employer Register

☐ Prepayment Register

☐ Register of payers of tax on insurance premiums

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The company is established because its form of incorporation has changed (Complete the Personal Data Form.)

Full name or Business Name of the precedent

Date of birth (dd.mm.yyyy)

Citizenship (if not Finnish)

Sector of business to be declared to the Trade Register (Give a written description only in Finnish or Swedish. Do not use code numbers.)

Main operating sector (main line of business) to be declared to the Tax Administration

Operations starting at a later date

as of (date)

Who can provide the Tax Administration with further information; an individual, an accounting firm etc.?

Name

Business ID or Finnish personal identity code

Postal address

Postal code

Town or city

Telephone

Mobile phone

Fax

e-mail

Who can provide the Trade Register with further information; an individual, an accounting firm etc.?

Name

Business ID or Finnish personal identity code

Postal address

Postal code

Town or City

Telephone

Mobile phone

Fax

e-mail

TRADE REGISTER: ACCELERATED PROCESSING REQUESTS

We normally process the completed application forms on a first come, first served basis. Exceptions are made when the applicant refers to a valid reason. Requests for accelerated processing cannot always be granted.

☐ Enclosing a written request, citing a valid reason for demanding a specific registration date.

Additional Information

Please complete page 3 of this form if you selected VAT Register, Prepayment Register, Employer Register or the Register of payers of tax on insurance premiums on page 1.

Date and signature

Date

Signature and printed name

Telephone

For a legal statement regarding the use of stored personal data, as required by §24, Personal Data Act, visit www.y3.fi or contact the National Board of Patents and Registration / Tax Administration.

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Appendix 3. Demonstration of a commuting journal. Extract from TT Sound.

| Date | Route and distance (km) | Time of departure - Time of arrival | Duration (h) |
|--------------|--------------------------|--|--------------|
| January | | | |
| Pe 16.1.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 17.1.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 24.1.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| February | | | |
| Pe 13.2.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 14.2.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 28.2.2015 | SJOKI-VIRRAT-SJOKI - 180 | 20.45 - 05.00 | 8,25 |
| March | | | |
| La 7.3.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| Pe 20.3.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 21.3.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| April | | | |
| Pe 3.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 4.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| Pe 10.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 11.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 18.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |
| La 25.4.2015 | SJOKI-VAASA-SJOKI - 160 | 21.30 - 04.45 | 7,25 |

Appendix 4. The questionnaire.

Initial questions

1. Would you briefly introduce yourself, your firm and its primary line of business
2. Whilst establishing business, you chose the form of sole proprietorship out of other available options. Which factors impacted your decision?
3. Do you have experience of utilizing outsourced invoicing services such as Ukko and Laskutuspalvelu?

Establishment

4. Did you find the establishment process difficult? Did any obscurities or general confusion become apparent?
5. Were you provided assistance in the process? If so, how and by whom?

Taxation

6. What kind of tax deductions are you able to utilize in your business?
7. Taxation is often perceived as a complex sector of business life. Would you agree with this statement and did you personally find anything specifically abstruse regarding the tax pattern?
8. Is your business subject to value-added tax? If it is, which products or services specifically and at what rates?

Accounting

9. Do you carry out your own bookkeeping or have you outsourced it? If outsourced, to what extent you find it a profitable solution?
10. Many have expressed their recommendation to outsource accounting if business activity reaches a certain limit. Would you agree and why?

Employment

11. Does your business employ personnel? If it does, please answer questions 12 and 13
12. What kind of additional obligations hiring employees brings about for a sole proprietor?
13. Does hiring employees as a sole proprietor distinguish from hiring, for example, as a limited company?

Closing questions

14. Please express yourself freely: What kind of hints and advice would you provide for a fresh sole proprietor or a person willing to engage entrepreneurship?
15. What does entrepreneurship mean to you?

Appendix 5. Example of an invoice.



INVOICE

TT Sound
2562415-1
Simohäyhänkatu 2 B 15
60100 Seinäjoki
050-1234567
ttsound@gmail.com

Date: xx.xx.201x
Invoice number: 000 037
Due date: xx.xx.201x
Penalty interest: 7,5 %
Payment condition: 7 days
Bank: Osuuspankki
IBAN: FI56 1234 0120 5678 97
Swift/BIC: OKOYFIHH

Receiver
Party Productions Ltd
Alvaraallonkatu 234
60300 Seinäjoki

1

| Description | Quantity | à-price | Price |
|--|----------|---------|----------------|
| Disc Jockey, Club Napk1n, Vaasa Fr 1.1.2015, Sat 2.1.2015 | 2 | €150,00 | €300,00 |
| Disc Jockey, Circus, Helsinki Sat 1.2.2015 | 1 | €150,00 | €150,00 |
| Video Jockey, The Black Velvet, Tampere Sun 7.2.2015 | 1 | €100,00 | €100,00 |
| Details Performance charge, VAT 0% | | Total | €550,00 |

TT Sound
2562415-1
Simohäyhänkatu 2 B 15
60300 Seinäjoki

TT Owner
050-1234567
ttsound@gmail.com