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1 Quick Facts

Here you find general information about Finland.

Key Strengths

SAP local version of Financial and Human Capital Management for supports local legal compliance for main Finnish business transactions.

Challenges

The legislation many change in the short term.

Legal Compliance

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<td>Law Complexity Ranking</td>
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<td>Frequency of Legal Changes</td>
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Language

All core modules are translated in Finnish.
2 Recommendations and General Information

- Financial for Finland has low complexity and a low frequency of changes. Finland is part of European Union, and most laws and regulations decided within the European Union are implemented in Finland as well. The areas with the most changes and complicity are tax issues and value-added tax.
- Human Capital Management and Payroll, in particular, have high complexity and a high frequency of changes. Government reporting is challenging, complex and constantly changing, with low predictability and short deadlines.
3 Supported Legal Requirements

3.1 Financial Accounting (FI)

The extended general ledger is available for Finland so that you can utilize the full functionality of SAP, including reports for transaction overview that have been localized to accommodate the extended general ledger.

The local version Finland is delivered with a Finnish standard for the chart of accounts, but this chart is fully customizable to your needs.

3.1.1 VAT Registration Number of Company

Country-specific check algorithm for VAT registration. The VAT number is 10 digits, with no gaps and starts with FI

For more information about VAT registration number in Finland, see this page ➜.

3.1.2 Bank Transactions

Bank Transactions

The basis of domestic payments in Finland is the use of reference number.

A reference number is any number the vendor chooses to print on the invoice, followed by a check digit calculated from the actual number. The payment reference is checked, using a country-specific checking algorithm, each time it is entered. If country-specific settings are made properly, no configuration step is necessary to turn on this check.

Payment Format

- Finland has a modern bank system. Since November 1, 2011, SEPA Credit Transfer for Finland is used. For more information about SEPA localization for Finland, see SAP Notes 1519835 and 1526969.
- Payment format are used for collecting incoming and outgoing payment data into a predefined format.
Bank statements are formats used to import payment data received from the bank.

3.1.3 Export/Import

Intrastat

It is possible to send EU Sales list (quarterly VAT summary reports for intracommunity supply of goods or services) in electronic format to tax authorities in Finland. Intrastat is a monthly declaration that provides EU authorities with statistics on foreign trade within the EU.

3.1.4 Assets

Depreciation

Finnish tax laws on depreciation (EVL) state the maximum allowable depreciation rates for different types of assets. Depending on the type of asset, different types of calculation for depreciation are allowed.

Customizing for EVL is included in country-specific configuration for Finland.
4 Human Capital Management Requirements and Payroll for Finland

4.1 Payroll

The Payroll Engine

- As for most countries, a specific Finnish payroll schema has been localized.
- Retroactive accounting and off-cycle pay runs are possible in Finnish payroll.

Employee Tax

An updated tax calculation is delivered every year. SAP ERP includes functionality for electronic exchange of tax information with the Finnish tax authority.

Pension and Social Insurance Contributions

Both employer and employee pay pension and social insurance contributions. The calculation of these contributions are localized. There are several constants values to the contribution calculation, and these constants values change almost every year. SAP delivers these constants values in an SAP Note yearly.

4.2 Absence Handling

Absence Handling

Finnish vacation handling is localized. It includes accruals, deduction of vacation days and vacation payments.
Sickness

In Finland, the governmental institute (KELA) pays the compensation to the employees in case of long sickness. In many cases, the employer pays the sickness salary to the employee and reimburse the sickness pay from KELA.

4.3 Reporting

Reporting

There is localized reporting for the incomes, taxes, pension, reimbursement of sick pay, statistics, garnishment, trade union, and so on. Reporting is complex and needs to be compliant with multiple laws and regulations.

Reporting types

Reporting can be done on paper, electronically, or through the governmental portal (Ilmoitin.fi, the Incomes Register), depending on the report.
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