

Foreign companies and forestry in Finland

A guide to forest work in Finland
for foreign companies



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Contents

Foreign companies and forestry in Finland	3
Rights and obligations of the worker and the employer	4
The key terms and conditions of employment and the collective agreements ..	5
Before work can begin.....	7
Obligations of the employer of a posted worker.....	7
Obligations of the contractor	7
Permits and registration	8
Declaration obligation	9
Other statutory and regulatory contractor obligations	9
Company representative.....	11
Agreements and contracts.....	13
During employment	14
Competence and occupational safety and health	14
Wages and other compensation	15
Taxation of foreign employees	16
Taxation of foreign companies and sole traders	17
Employee representation	18
Social security and insurance.....	18
Sickness	19
Accidents at work.....	19
Temporary lay-offs.....	20
Termination of employment.....	21
Termination by the employee	21
Termination by the employer.....	21
The final pay – money owed at the end of the employment relationship	21
Certificate of employment.....	22
Further information	23
Terminology	24
Checklists.....	26
Company sending employees to Finland	26
Foreign companies making temporary agency work contracts or sub-contracts with foreign companies that act as employers.....	29

Foreign companies and forestry in Finland

A guide to forest work in Finland for foreign companies

This guide is aimed at foreign companies with forestry, forest machine or tree nursery operations in Finland. The key requirements set for foreign companies that act as employers or contractors in Finland are described in this guide. In addition to legislation, requirements and rights are set for employers and employees in the forestry trade by the applicable collective agreements and forest certification programmes.

Rights and obligations of the worker and the employer

Both Finnish and foreign companies are bound in Finland by the same requirements regarding pay, work and safety. The employer must ensure that the working conditions are safe. The worker must follow instructions from supervisors and carry out all tasks carefully. However, the worker has the right to refuse to perform work when deficient safety arrangements result in a risk to the work-

er's own health or life, or that of other workers.

Each worker has the following rights: a minimum wage in accordance with the collective agreement and the applicable requirement category, appropriate terms of employment, membership of a trade union, a safe working environment and equal treatment.



The key terms and conditions of employment and the collective agreements

Key terms and conditions of employment

According to the Employment Contracts Act, the employer and employee must agree on at least the following key terms and conditions of employment:

- the domicile or business location of the employer and the employee
- the date when the employment relationship begins
- the grounds for concluding a fixed-term contract and the date of termination of the contract
- the trial period
- the place where the work is to be performed or, if the employee has no primary fixed workplace, an explanation of the principles according to which the employee will work at various work locations
- the employee's most important duties
- the collective agreement applicable to the work
- the pay
- the grounds for the determination of pay and other remuneration, and the pay period
- the regular working hours
- the manner of determining annual holiday
- the period of notice.

Collective agreements in the forestry and nursery work

A collective agreement is an agreement between a trade union and an employers' association on the terms and conditions of employment, including wages. The minimum level of terms and conditions is established in law. The collective agreement includes terms and conditions that can be better for the worker than this minimum level. Collective agreements are negotiated separately in each sector.

The collective agreements in the forestry, forestry machinery and plant nursery sectors are universally binding. As stated in the Employment Contracts Act, all employers in these sectors, including foreign employers and employers that do not belong to an employers' association, must comply with the terms and conditions defined in the collective agreement.

Collective agreements can be found at www.finlex.fi/fi/viranomaiset/tyoehto/ (in Finnish).

Working hours and annual holiday

Regular working hours in Finland must not exceed eight hours per day and 40 hours per week. Exceptions are agreed on in collective agreements between trade unions and employers' associa-

tions. The employer must confirm whether the worker is included in the scope of the Working Hours Act. The Working Hours Act is not applied to loggers, for example.

Overtime arrangements are always voluntary and always require the worker's consent. A higher rate of pay is applicable to overtime work.

There are five working days in a week. The length of the annual holiday is determined based on how many months the employee has been working for the company. A full-time employee gets approximately one month of annual holiday. For each full month of work, the employee receives a minimum of two days of holiday. If the employment relationship has lasted more than a year by the end of the annual holiday credit period (1 April – 31 March), the employee receives 2.5 days of holiday per each month.

Working time averaging leave

Working time averaging leave is a practice agreed on in collective agreements. It means the accumulation for a worker of time off in lieu of pay to balance the hours worked. Working time averaging leave usually accumulates for employees who work 40 hours per week. In the collective agreement for forestry, working time averag-

ing leave is calculated based on completed working days. The time accumulated by the employee is granted as days off in lieu of pay.

Before work can begin

In Finland, foreign workers may work as employees of a company located in Finland or as a posted employee of a foreign company through a temporary work contract or subcontract. Posted workers are employees who normally work in another country, but are posted in Finland for a limited period of time while employed by a company that is located outside of Finland.

Obligations of the employer of a posted worker

Finnish legislation stipulates that the employer of a posted worker must

- appoint a representative for the company who operates in Finland
- ensure that employees have their residence permits or that they are exempt
- follow the rules and regulations on working hours
- keep time sheets for forest machine and tree nursery work
- follow the minimum wage rules of the applicable collective agreement
- maintain information regarding wages paid
- arrange for occupational health-care
- have accident insurance for employees

- inform their employees of the competent labour protection authority in Finland prior to beginning any work.

Obligations of the contractor

Companies that contract foreign companies using foreign workers for subcontracting or temporary agency work are obligated to

- provide accounts in accordance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006)
- ensure that employees have their residence permits or that they are exempt
- ensure that the key terms of employment for a foreign employee follow the current regulations and the applicable collective agreement
- provide an account of the key terms of employment to the contractor without delay, unless the case concerns a citizen of the European Union, Iceland, Liechtenstein, Norway or Switzerland or their family member
- ensure that the company that posts workers appoints a representative
- provide the posting company with a written notice of the competent labour protection authority.

Permits and registration

Citizens of EU and EEA countries and Switzerland

Citizens of the European Union, Iceland, Liechtenstein, Norway or Switzerland do not need to apply for a residence permit for an employed person. The citizen must, however, register their right of residence with a police department if their work in Finland lasts over three months.

Non-EU and non-EEA citizens and Switzerland

Employees who are not citizens of the European Union, Iceland, Liechtenstein, Norway or Switzerland must apply for a residence permit for an employed person while still in their country of origin. The permit must be acquired before coming to Finland. If the residence permit was acquired for a certain professional field, work may only be carried out in that field.

Some other residence permits also give the right to work, in which case no separate working permit is required. The residence permit will state whether or not it gives the right to work.

Extension of the validity of a residence permit

The application for an extension of the residence permit's period of validity must be submitted while the residence permit is valid. If the extension application has been submitted in time, the foreign worker may continue working in accordance with the previous permit until the new residence permit is approved or a negative decision has become legally valid.

Extension applications are submitted to the police in the employee's municipality of residence. If the grounds of the employee's right of residence or right to work change, the employee must notify their employer immediately. The employee must provide a copy of the certificate for a pending application and immediately submit the copy of their new residence permit to the employer when it arrives.

Further information

- Finnish missions abroad www.formin.finland.fi (Finnish, Swedish, English)
- The Finnish Immigration Service www.migri.fi (Finnish, Swedish, English)
- The Police www.poliisi.fi (Finnish, Swedish, English)

Declaration obligation

The obligation to declare applies to companies that employ a person who is not the citizen of the European Union, Iceland, Liechtenstein, Norway or Switzerland or the family member of one. In this case the company must provide the contractor with an account of the key terms of employment for the employees and an affirmation that the working conditions follow the collective agreement. The main contractor or main commissioner operating in Finland must provide an account to the local TE Office without delay. In order for the main contractor to submit the required information, the foreign company must provide this information to the contractor.

If the key terms of employment are found in the employment contract of the employee, a copy of the contract signed by the employer is considered sufficient. The account can also be given in a free format or using the appropriate appendix of the work permit application.

The following documents must be delivered to the TE Office:

- a copy of the person's passport or residence permit card
- a copy of the employment contract or appendix TEM054 of the work permit application or a

free-form account of the key terms of employment.

Other statutory and regulatory contractor obligations

The contractor's obligation to check is used to promote equal competition and the following of the terms of employment and to prevent grey economy. Before the temporary work contract or sub-contract can be signed, the contractor must provide the accounts mandated by the Act on the Contractor's Obligations and Liability when Work is Contracted Out, if the other parties have employees.

The contractor does not need to produce these accounts if the combined work of the temporary employee(s) lasts no more than ten working days. Subcontracts are also exempt from the obligation if the compensation resulting from the agreement is under 9,000 euros (excluding VAT). When calculating the limit, work will be considered continuous if it has proceeded in a consecutive manner or with only minor interruptions. The requirements of the Act also apply to foreign companies acting as the contractor.

The contractor must supply the following certification and accounts from the country where that party has their registered office:

1. an account of their registration in the Prepayment Register, Register of Employers and the VAT Register
2. extract from the Trade Register
3. an account of tax payments
4. an account of accident and pension insurance
5. an account of the collective agreement applied or the key terms of employment
6. an account of occupational healthcare arrangements.

Should the foreign company hold a Finnish business ID when the contract is signed, the contractor must acquire accounts of tax registry information and paid taxes from Finland as well as the country where the company has its registered office.

The contractor must have an account of the accident and pension insurance of the employees no later than when the work begins (see Social security and insurance). In the written contract the contractor must require the other party to deliver certification for the social security of the posted workers for the entire duration of the contract before the employees begin working.

All accounts required by the Act must be provided before the contract is signed. In contracts that span over one year, the account of paid taxes and pension premiums must be provided every 12 months. The account documents created to fulfil the requirements of the Act must be kept.

Working in PEFC certified forests

To work in a PEFC certified forest, companies and their subcontractors and agencies renting out workers for them must have paid their taxes, social security fees and employment pension premiums. In addition, all procurement for forestry work must follow good procurement practices.

The contractor must uphold the following practices:

- An issuer of the contract has a written description of the tendering procedures which is to be complied with in the tendering process. Participants of tendering negotiations or tendering competitions are informed about the tendering procedures in advance.
- In service procurement an issuer of contract shall be prepared for a possible change of a service provider with an adequately long transition period.
- Subcontract agreements exceeding the threshold value of the

Act on the Contractor's Obligations and Liability when Work is Contracted Out are done in a written form and archived.

- An issuer of the contract has a list of those subcontractors which have provided him forest subcontracting services during past two years.
- The issuer of the contract informs subcontractors about known significant breakdowns or constraints of subcontracting activities in sufficient time before they start.

Any subcontracting or temporary work contracts and their entire subcontracting chain must include the following conditions:

- The collective agreement(s) that by law apply to the work or assignment to be contracted must be detailed in the contract.
- While the contract is in force, the subcontractor or temporary work agency has the obligation to provide the contractor with an account stating that they have fulfilled their duties in accordance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006).
- The contract must mention the right to terminate or annul in case one party fails to provide the required account of fulfilling their duties or the account

shows they have neglected essential obligations and failed to remedy the situation without delay.

Subcontract or temporary agency work agreements related to a contract have to include the terms mentioned below:

- The agreement shall state a collective agreement or collective agreements applicable to contracted work or task.
- During the validity of contractual relationships a subcontractor or a temporary work agency is obliged upon request of an issuer of the contract to present a statement on implementation of obligations according to the Act on the Contractor's Obligations and Liability when Work is Contracted Out.
- The agreement shall include a right to terminate the contract if the one of the contract parties does not give an appropriate assurance on the implementation of obligations or has not fulfilled essential obligations nor promptly acted to fulfill them.

Company representative

Foreign companies posting workers in Finland must have a representative in Finland, unless the company itself has a place of busi-

ness in Finland. The contractor must also ensure that the posting company appoints a representative in Finland. If the contractor has required in their contract with the foreign company that the latter post a representative, this is considered sufficient for the contractor to have fulfilled their duty to care.

The foreign company's representative in Finland will take care of the company's duties, such as obligations to the authorities. The representative must be competent to act on behalf of the posting company in a court of law and to receive on the company's behalf any summons and other official documents. The responsibility for employer obligations does not lie with the representative. The representative must have a street address in Finland – a PO box is not sufficient.

The representative may be a natural person or a legal entity, for example a Finnish accounting firm or other service authorised by the posting company to contract services. A foreign person who can be reached in Finland may also act as a representative.

The company posting workers must appoint a representative no later than when the posted worker begins working, if the posting lasts over 14 days (calendar days).

Should the posted worker and their employer, i.e. the posting company, have made several consecutive temporary posted employment contracts with little or no interruption in between, the employment will be considered to have been continuous.

The authorisation of the representative must last at least 12 months from the date when the posted worker's employment in Finland has finished.

When the posted worker begins working in Finland, the representative must have

- Identifying information of the employer: their registered and official name, business ID, possible register number given by the local authority in the country of origin, address in the country of origin and persons in charge in the country of their registered office.
- Personal information of the posted worker: name, possible social security number, age and professional competence in work that requires a certain age and competence.
- An account of the posted worker's right to work.
- Details of the key terms of employment for the posted worker.

If the posting lasts for over eight days, the employer or their

representative, whichever resides in Finland, must have

- time sheets for the posted worker's working hours in Finland
- details of the wages paid to the employee.

The posting company must notify the contractor before work begins in Finland to let them know who holds the above information while the worker is posted. This ensures that the minimum terms of employment are guaranteed for the posted worker. This information must be kept for two years from the date when the posted worker has finished working in Finland.

Agreements and contracts

In Finland, the employment contract between an employer and an employee is usually made in writing.

Working in PEFC certified forests

Companies operating in PEFC certified forests must register for regional group certification and agree to comply with the PEFC certification requirements. Registration is done on the website of Kestävän Metsätalouden Yhdistys ry at www.kestavametsa.fi/ilmoittautuminen (in Finnish) using the appropriate form.

A written employment contract is mandatory when working in PEFC certified forests. PEFC requirements state that the contracts made with the contractor and subcontractors must also be made in writing and archived when the limit given in the Act is exceeded.

During employment

Competence and occupational safety and health

Occupational safety

According to the Occupational Safety and Health Act, the employer carries the primary responsibility for the safety at work. The employer must provide the employee with appropriate safety and protective equipment and acquire new equipment to replace any damaged equipment. An employer's statutory obligations include the induction of employees in appropriate working methods and safety regulations.

An employee must follow the safety guidelines used at the workplace, take into account any risk factors and report all deficiencies observed in the working environment to the supervisor.

Occupational healthcare

The employer is obligated by law to arrange for occupational healthcare for all their employees and insure them against accidents in the workplace, including temporary and part-time foreign employees. This requirement also applies to the employer of posted workers.

The purpose of occupational healthcare is to prevent any detrimental health impacts of the work

or the working conditions, and to maintain health and the ability to work. Employees may use the services of an occupational healthcare doctor or nurse as necessary at no cost. The occupational healthcare agreement and action plan define the content of the occupational healthcare services. Not all agreements include hospital care.

Working in PEFC certified forests

In addition to the requirements for occupational safety, healthcare and employee induction, working in PEFC certified forests has the following requirements for ensuring competence:

- At the beginning of work an employer or issuer of contract has to make sure that a foreign contract party (e.g. a foreign contractor or an employee) is informed on the party's rights and obligations in Finland. This requirement can be complemented by providing or presenting a contract party with a guide. Guides to forest work in Finland for foreign employees and companies can be found in the various language versions at www.ttk.fi.
- Employer and issuer of the contract shall have evidence which indicates that they have been assured of the required profes-

sional competence of the employee for each task carried out for accomplishment of work. Employer shall have evidence which indicates that the maintenance and necessary development of professional competence.

- Employees shall have access to the general work safety instructions and general guidelines needed for conducting work.
- Employees shall be given site specific work instructions and maps that include a marked worksite, as well as information on the quality, environmental and other requirements.
- The working guidelines are given in the language the worker understands. When needed in work related issues a worker has at disposal a person speaking the same language or an interpreter.
- An employer organizes activities appropriate to the conditions of work and also aiming at maintaining the ability to work. Activities maintaining the ability to work may include workplace development, professional training, on-the-job guidance and support for mental welfare and physical exercise.

Wages and other compensation

Wages and other compensation must follow the terms and conditions agreed for the sector, that is, the forestry, forestry machinery or plant nursery sector. The employer may, however, offer wages that exceed the minimum terms defined in the collective agreement. The collective agreements also apply to employees who work for a foreign employer in Finland and to posted workers.

The employer must keep time sheets to comply with working time legislation and to provide accurate payment in the forest machine and tree nursery trades. In connection with the pay, the employer must provide the employee with a payslip or other document that contains an account of the hours worked, the base pay, any extra pay, other remuneration and the contributions withheld from the pay.

Tax-free remuneration may include per diem allowances and expense allowances for any travel or the use of a clearing saw, for example. The bases for the wage and other remuneration are defined in the collective agreement.

Pension is accrued from all work, from long and short periods

of employment. The pension contributions paid by the employer are shown in the payslip.

Further information

- Occupational safety and health: Työsuojeluhallinto (the occupational safety and health administration), www.tyosuojelu.fi (Finnish, Swedish, English)
- Pension: the Tyoelake.fi service, www.tyoelake.fi (Finnish, English, Estonian, Russian)

Taxation of foreign employees

The length of employment in Finland determines the local taxation of a foreign employee. Work is only permitted using a tax-at-source card or regular tax card, which the employer will use to withhold taxes from wages.

Period of employment under six months

Employees working in Finland for less than six months pay 35% of their wage as tax-at-source. This is the final amount. Typically no tax return needs to be submitted in Finland.

If income earned in Finland amounts to 75% or more of the employee's earned income for the year, and they live in a member country of the EEA, they may apply afterwards for progressive

taxation instead of the fixed 35% rate.

The employee must acquire a Finnish personal identity code and a tax-at-source card from the tax office. The tax-at-source card must be delivered to the employer. When the employment ends, the employer must provide the employee with a payslip that indicates the income paid and the tax withheld. This will allow the employee to present it to the tax authorities of their country of permanent residence as necessary.

If an employee works for less than six months in Finland and receive wages from a foreign employer, no tax is paid in Finland from their wage. In this case the employee must only file a tax return and pay taxes in their country of origin. If the foreign employer has a place of business in Finland, it will be considered equal to a Finnish employer, and the employee will pay tax in Finland.

Period of employment over six months

Employees working in Finland for more than six months pay taxes in Finland at the regular rate. In this case it does not matter whether the employer paying the employee is located in Finland or abroad. Foreign employers must provide

the tax authorities with an annual account of the wages they have paid to the employee and the employee must file an annual tax return in Finland.

If the employer is located abroad and has no place of business in Finland, it does not have to withhold taxes for the Finnish tax authorities; instead, the employee will pay the taxes themselves as advance tax.

If the foreign company forms a place of business in Finland or the company has voluntarily registered in Finland's register of employers, the company then has the same employer obligations as a Finnish company.

The employee must acquire a Finnish personal identity code and a tax card from the tax office. The tax card must be delivered to the employer. If the work in Finland is temporary, the employee may apply for the personal identity code in the tax office when they apply for the tax card. Should the work last for over one year, they must apply for the code at the local register office.

Further information

➤ Finnish tax administration www.vero.fi (Finnish, Swedish, English, Estonian, Polish, Russian)

Taxation of foreign companies and sole traders

Contractors must withhold a tax-at-source of the compensation paid to a foreign entity for work done in Finland: the rate is 13% for companies (limited company, other organization or group) and 35% for sole traders.

The following cases are exempt from this tax collection:

- Foreign companies not belonging to the Prepayment Register.
- Foreign companies that present the contractor with a zero-rate tax-at-source card.

Foreign work compensation recipients wishing to avoid tax-at-source collection should register their company in the Prepayment Register or apply for a 0% rate tax-at-source card.

Foreign companies are obligated to pay income tax in Finland from their operating income if the company has a place of business in Finland. The Finnish Tax Authority will use the information provided to decide if the company forms a place of business in Finland for value-added tax and income tax collection, and what tax authority registers the company must be registered in. Usually foreign companies register in the VAT Register, the Prepayment Register and the Register of Employers.

Employee representation

Most Finnish employees are members of trade unions and unemployment funds. Joining is voluntary. A member of a trade union will pay a membership fee. In return, the trade union will help supervise his or her interests. A member of a trade union is also a member of its unemployment fund. An employee who is a member of an unemployment fund will receive higher unemployment compensation. An employee may join a non-union unemployment fund. There are several unemployment funds in Finland that are not connected to trade unions.

The employees of a workplace have the right to elect a shop steward to represent the employees in matters that concern the application of the collective agreement.

Social security and insurance

The employer must arrange the appropriate social security insurance for the employee. This applies to both Finnish and foreign employers. The procedure varies depending on whether the employee is from the EU/EEA area or Switzerland or not.

The employer is responsible for arranging the following insurance for foreign employees:

- pension insurance contribution
- accident insurance contribution
- group life insurance contribution
- unemployment insurance contribution
- social security and health insurance contribution, if the foreign employee works in the company for over four months.

EU/EEA area and Swiss employees

Employees posted from countries in the EU/EEA area or Switzerland are covered by their domestic social security and they will not be insured in Finland. Any employees from EU/EEA countries or Switzerland must provide certificate A1 (previously E101) for posted workers that proves they are covered by the social security of their country of origin (accident and pension insurance).

A1 certificates come with certain requirements, for example concerning the operations of the employing company in the country of its registered office. It is fairly common that authorities, for various reasons, do not accept a posted worker's A1/E101 certificate. The employer must then arrange the employee's accident

and pension insurance with a Finnish insurance company. Before work can begin, posted workers must have either an A1 certificate or Finnish accident and pension insurance.

Employees not from the EU/EEA area or Switzerland

If the employee is not from an EU/EEA country or a country included in the European Convention on Social Security, they fall under Finnish social security legislation. If the duration of the employment in Finland does not exceed two years, the Employees Pensions Act recognises cases where a foreign employer is free of the obligation to take out an employee's pension insurance policy. If the duration of employment does not exceed five years, the employer may apply for an exemption from the insurance obligation with the Finnish Centre for Pensions. Kela, on the other hand, decides which residence-based social security benefits the employee will receive in Finland.

Accident insurance differs in parts from the above. Accident insurance for workers posted from outside the EU/EEA area has no two-year rule as allowed by the Employees Pensions Act (395/2006). Instead, they must be insured immediately upon employment in accordance with the new

act on occupational accidents and illnesses (459/2015). This also applies to workers posted from many countries included in the above Convention, as the social security agreements do not always cover accident insurance.

Further information:

- Finnish Centre for Pensions www.etk.fi (Finnish, English)
- The Social Insurance Institution of Finland, Kela www.kela.fi (Finnish, Swedish, English)

Sickness

For sick leave, employees must get a certificate from the statutory occupational healthcare service arranged by their employer. Employees must then deliver the certificate to their employer without delay.

Employees are entitled to paid sick leave in accordance with the applicable collective agreement. The conditions vary based on the length of employment.

Accidents at work

Employees must report any accidents to a superior immediately. The statutory accident insurance policy taken out by the employer will compensate for any subsequent medical treatment.

If employees have an accident during work or when commuting, they will be compensated by the accident insurance and the employee is entitled to paid sick leave in accordance with the applicable collective agreement. The law mandates that employers must insure every employee against accidents.

Temporary lay-offs

Temporary lay-offs mean that the employer temporarily interrupts work and the paying of wages that have been agreed on in an employment contract. The employment relationship continues during a temporary lay-off.

The employer has the right to temporarily lay off an employee based on two different conditions:

- The employer has a financial or production-related reason for terminating the employment. The work to be offered has diminished substantially and permanently and the employer cannot provide the employee with other suitable work or training.
- The employer's potential for offering work has diminished temporarily (for a maximum of 90 days). The employer cannot reasonably provide the employee with other suitable

work or training corresponding to its needs.

The employer must provide written notice of the lay-off no later than 14 days before the lay-off period begins. In other words, the employer cannot order the employee to immediately begin unpaid leave. The terms and conditions included in the collective agreement may contradict this rule. For example, in the forestry machine sector, an employer is entitled to temporarily lay off an employee without the 14-day period of notice when the work is prevented by cold weather. The temperature limit must be defined in advance.

The employee has the right to take other work during the lay-off period and terminate such an employment contract with a five-day period of notice, regardless of whether the contract is permanent or fixed-term.

Termination of employment

Termination by the employee

When the employment relationship is terminated by the employee, the period of notice is determined based on the length of the employment relationship, and can be two weeks or one month. After handing in the termination notice, the employment relationship continues until the period of notice ends, and is then terminated. The employer pays wages for the period of notice.

A fixed-term employment contract cannot, in principle, be terminated before the fixed term ends. A period of notice may also be included in a fixed-term employment contract.

The employee may terminate the employment contract without a period of notice if the employer commits a breach against or neglects its duties in a serious manner.

Termination by the employer

The employer can only terminate an employment relationship based on a weighty reason. A fixed-term employment contract can only be terminated if the practice has been explicitly agreed on in the employment contract. The employer must follow the periods of notice

defined in the law, unless otherwise agreed.

The employment may be terminated because of deteriorated financial conditions or a rearrangement of production operations. The employer does, however, have the obligation to try to arrange other work or training in new duties for the employee. If the employer is unable to offer other work or training required by new work duties, it can terminate the employee's employment contract.

The employer may terminate an employment contract with immediate effect based on a very serious reason. A grave breach of obligations or neglect related to the employment relationship or the law may be such a reason. For example, the employee may have stolen the employer's property or put the safety of other people at risk. Unless the breach is exceptionally serious, the employee must first give the employee a warning.

The final pay – money owed at the end of the employment relationship

Holiday compensation must be paid for all employment relationships, even when the duration of the employment relationship is

only a few hours. The amount of the holiday compensation will be at least two day's pay per month of work. When the employment relationship has lasted at least a year by the end of the annual holiday credit period, the employee receives 2.5 days of holiday per each month.

Days of absence days due to acceptable reasons, such as sick days, are included in the days that are used as the basis for calculating holiday compensation. Holiday compensation is paid at the end of the employment relationship if the employee has not taken annual holiday during the period of employment.

In addition to holiday compensation or the holiday pay for the annual holiday, the employee is also entitled to a holiday bonus that amounts to 50% of the pay.

Certificate of employment

An employee has a statutory right to receive a certificate of employment at the end of an employment relationship. The duties and the duration of employment must be indicated in the certificate of employment. If the employee so requests, the certificate must also indicate the reason for the termination of employment and include an assessment of the employee's

skills and conduct. The certificate of employment is used to show an employee's previous work experience when applying for new work.

Further information

- Legislation regarding foreign employees, Työsuojeluhallinto (occupational safety and health administration; in Finnish and Swedish):

www.tyosuojelu.fi/tyosuhde/ulkomainen-tyontekija

- A joint service of Kela and the tax administration for foreign workers in Finland (Finnish, Swedish, English, Russian):

www.intofinland.fi

- Entitlement to Finnish social security benefits, Kela (in Finnish and Swedish): www.kela.fi/muutto-suomeen_tyontekijana

- Working in Finland guide, Finnish Institute of Occupational Health (Finnish, Swedish, English, Russian, Estonian, French, Somali, Chinese, Arabic, Kurdish, German, Thai, Vietnamese) www.ttl.fi/fi/muuttuva_tyoe-lama/toissa_suomessa/Sivut/suomi.aspx

- Guide to working in Finland, national labour market confederations of Finland (Finnish, Swedish, English), www.tyomarkkina-avain.fi

- Finland in your language www.infopankki.fi (Finnish, Swedish, English, Russian, Estonian, French, Somali, Spanish, Turkish, Chinese, Persian, Arabic)

- Information, services and tools for companies and those look-

ing to found one – Enterprise Finland, Ministry of Employment and the Economy (in Finnish, Swedish and English): www.yrityssuomi.fi

Terminology

Foreign worker

A worker who is not a citizen of Finland.

Non-Finnish/foreign company

A company that has no business location in Finland. A company that is owned by non-Finnish operators but has a business location in Finland is not considered a non-Finnish company.

Contractor

A contractor is any natural or legal person that commissions work and as commissioner of said work makes a temporary work contract or subcontract and receives the output of the work.

Posted worker

A worker who normally works in another country and who is posted in Finland for a limited period of time by an employer company that is located outside of Finland.

Temporary agency worker

A temporary agency worker is an employee who has entered into an employment contract with an employer who has assigned the employee with their consent for the use of another employer. These employees work under the management and supervision of the work's recipient.

Collective agreement

A collective agreement is an agreement between a trade union and an employers' association on the terms and conditions of employment, including wages. The minimum level of terms and conditions is established in law. The collective agreement includes terms and conditions that are better for the worker than this minimum level. Collective agreements are negotiated separately in each sector.

Forest certification

Certification of a forest proves that the forest is managed in an ecologically, economically and socially sustainable manner. Two forest certification systems, FSC and PEFC are applied in Finland, both with their own criteria. An independent operator supervises the fulfilment of the criteria. Forest certification requirements must be complied with in the certified forests.

PEFC

The Programme for the Endorsement of Forest Certification (PEFC) is an international forest certification system that promotes ecologically, economically and socially sustainable management of forests all around the world. In Finland, 90% of forests are certified in accordance with PEFC.

FSC

The Forest Stewardship Council (FSC) is an international non-profit organisation with open membership that is committed to promoting responsible management of forests. In Finland, 4% of forests are certified in accordance with FSC.

Checklists

Company sending employees to Finland

BEFORE WORK BEGINS

- Ensure that foreign employees have their residence permits or that they are exempt.
- Ensure that the key terms of employment for a foreign employee follow the current regulations and the applicable collective agreement.
- Appoint a representative for your company in Finland. A representative is required in Finland for a company posting workers to Finland when the posting lasts for over 14 days, not including short interruptions – unless the company itself has a place of business in Finland.
- If the employees are from the area of the European Union, Iceland, Liechtenstein, Norway or Switzerland, arrange for A1 certificates (previously E101) for the posted workers to prove accident and pension insurance coverage. The accident and pension insurance for other workers must be arranged with a Finnish insurance company.
- Arrange occupational healthcare for your employees.
- Deliver the following accounts from the country of your registered office to the contractor, as required by the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006), if the compensation resulting from the contract is at least 9,000 euros (excluding VAT), and accounts for the temporary agency party if the combined work of the temporary agency workers lasts for over ten days:
 - an account of their registration in the Prepayment Register, Register of Employers and the VAT Register
 - extract from the Trade Register
 - an account of tax payments
 - an account of accident and pension insurance (e.g. A1 certificate)
 - an account of the collective agreement applied or the key terms of employment
 - an account of occupational healthcare arrangements
 - if your company has a business ID in Finland when the contract is signed, also acquire an account of tax registry information and taxes paid in Finland.
- Provide copies of the passports or residence permit cards of the foreign employees and an account of the key terms of employment to the contractor

without delay, unless the case concerns a citizen of the European Union, Iceland, Liechtenstein, Norway or Switzerland or their family member

- Inform posted workers of the competent labour protection authority in Finland prior to beginning any work.
- For work done in PEFC certified forests
 - register for regional group certification
 - make the employment contracts in writing
 - make the contracts with the contractor in writing when the limit stipulated by the Act on the Contractor's Obligations and Liability when Work is Contracted Out is exceeded
 - archive the contracts
 - ensure, that a foreign employee is informed on the Finnish employee rights and obligations in Finland e.g. by providing or presenting an employee with a guide.

DURING EMPLOYMENT

- Induct the employees and uphold occupational safety.
- Ensure the competence and required training of the employees.
- Ensure that the foreign employees have the right to work for the entire duration of the work.
- If new posted workers are hired after the contract is made, deliver their A1 certificates or accident and pension insurance from a Finnish company to the contractor prior to these employees beginning to work.
- Follow the rules and regulations on working hours.
- Keep time sheets if your employees are in the forest machine or tree nursery trade.
- Pay the employees' wages and compensation according to the applicable collective agreement.
- Maintain information regarding paid wages.
- Provide employees with a payslip or other document that contains an account of the hours worked, the base pay, any extra pay, other compensation and the premiums withheld from the pay.
- Provide the Finnish Tax Authority with an annual account of the wages paid to employees in Finland, if the employees have worked in Finland for over six months.
- For work done in PEFC certified forests
 - give the employees general occupational safety instructions and all necessary general instructions
 - give the employees site-specific work instructions and

maps that demarcate the site and note any quality, environmental and other requirements

- give these instructions in a language understood by the employee and arrange for an interpreter who speaks a common language if necessary
- arrange for situationally appropriate activities that maintain the ability to work.

TERMINATION OF EMPLOYMENT

- Follow the period of notice stipulated by the applicable collective agreement.
- Pay out all remuneration owed to the employee when their employment ends (wages, expense allowance, holiday compensation).
- Provide the employee with a certificate of employment if they request one.

Foreign companies making temporary agency work contracts or subcontracts with foreign companies that act as employers

BEFORE WORK BEGINS

- A representative is required in Finland for a company posting workers to Finland when the posting lasts for over 14 days, not including short interruptions – unless the company itself has a place of business in Finland. In this case make sure that the posting company appoints a representative in Finland who can take care of the company's duties, such as obligations to the authorities.
- Procure the following accounts to the contract party, as required by the Act on the Contractor's Obligations and Liability when Work is Contracted Out, if the compensation resulting from the contract is at least 9,000 euros (excluding VAT), and accounts for the temporary agency party if the combined work of the temporary agency workers lasts for over ten days:
 - an account of their registration in the Prepayment Register, Register of Employers and the VAT Register
 - extract from the Trade Register
 - an account of tax payments
 - an account of accident and pension insurance (e.g. A1 certificate)
 - an account of the collective agreement applied or the key terms of employment
 - an account of occupational healthcare arrangements
 - if your company has a business ID in Finland when the contract is signed, also acquire an account of tax registry information and taxes paid in Finland.
- Provide the tax and pension premium accounts mandated by the Act annually. Keep all documents for the accounts you have given in accordance with the Act.
- If the contract party has a business ID in Finland when the contract is signed, also acquire an account of tax registry information and taxes paid in Finland in addition to the company's country of registered office.
- If the limit described in the Act is exceeded, add a requirement to the written contract that the contract party deliver the following during the entire duration of the contract before posted workers begin working:
 - The workers' A1 certificates, OR

- The workers' social security certification in accordance with the European Convention on Social Security, OR
- The workers' accident and pension insurance as taken out from a Finnish company.
- Ensure that foreign employees have their residence permits or that they are exempt. Whenever required during their work in Finland, the contractor must be able to prove the grounds of a foreign employee's right to work.
- Ensure that the key terms of employment for a foreign employee follow the current regulations and the applicable collective agreement. Collective agreements also apply to foreign posted workers.
- Provide an account of the names of the employees and the key terms of employment to the contractor without delay, unless the case concerns a citizen of the European Union, Iceland, Liechtenstein, Norway or Switzerland or their family member.
- Provide the posting company with a written notice of the competent labour protection authority in Finland.
- For work done in PEFC certified forests
 - Present the parties of procurement negotiations or

invitations for tenders with a written description of the procurement procedure beforehand.

- Make in writing any contracts that exceed the limit in the Act and archive these contracts.
- Detail in the contract any collective agreement(s) that by law apply to the contracted work or assignment.
- Include in the contract the right to terminate or annul in case one party fails to provide the required account of fulfilling their duties or the account shows they have neglected essential obligations and failed to remedy the situation without delay.
- Ensure, that a foreign contractor or an employee) is informed on the party's rights and obligations in Finland e.g. by providing or presenting an employee with a guide.

DURING CONTRACTS

- Maintain employee occupational safety.
- For work done in PEFC certified forests, let your subcontractors know well ahead of time of any known major interruptions or limitations in contract production before these take place.



Työturvallisuuskeskus, p. 09 616 261, www.ttk.fi

Foreign companies and forestry in Finland

This guide is aimed at foreign companies with forestry, forest machine or tree nursery operations in Finland. The key requirements set for foreign companies that act as employers or contractors in Finland are described in this guide. In addition to legislation, requirements and rights are set for employers and employees in the forestry trade by the applicable collective agreements and forest certification programmes.



METSÄMIESTEN SÄÄTIÖ

Ihminen ja metsä

