NAVI

FINANCIAL GUIDE FOR NEW ENTREPRENEURS

A simple guide to the money side of running a business

Reading time ~30 min · 6 sections · 10 questions · Glossary

For the Reader

This guide is for you if you are just starting or have recently started a business, and you are not yet sure about everything. You are not alone. Almost all entrepreneurs have wondered the same things at the beginning:

- What do I need to know before I start a business?
- Where do I begin with bookkeeping?
- Do I need to hire an accountant?
- How much tax do I pay, and when?
- What is YEL?

This guide answers those questions in plain language and gives you clear next steps. Read the whole guide in one sitting — it takes about 30 minutes. Then keep it close when you handle your first financial tasks.

> **TIP**
> This guide gives you the basics, but for your own specific questions, the best answers come from a local business advisor or accounting firm.

How to use this guide

Every section has the same structure:

- **What is this about?** — a short explanation in plain language.
- **What you need to know** — the key points, briefly.
- **Example** — how this looks in a real entrepreneur's daily life.
- **Do this** — your next steps, one by one.

1 Bookkeeping and Tax

What every entrepreneur needs to know

What is this about?

Bookkeeping is a monthly routine where you record your business money flows — sales, purchases, wages. Taxation is what the business pays the government from its profits and sales. Both are required by law. The good news: a small business can manage at first with an accounting firm or one good invoicing programme.

What you need to know

- Bookkeeping is **REQUIRED** for every business, including sole traders.
- **VAT** (value added tax) is an amount you add to your selling price and pay to the tax authority.
- **Advance tax** is an estimate of your annual income — you pay it in advance monthly or quarterly.
- You can change your advance tax level during the year at vero.fi if your income differs from your estimate.
- Keep **ALL receipts** (receipts, invoices) for at least 6 years. A photo on your phone is enough.

Example

Maija starts a sole trader business on 1 March 2026 and estimates her annual profit at €25,000. The tax authority sets advance tax at about €5,500 per year (€458/month). In June she notices income is better than expected — she goes into MyTax and increases advance tax to €8,000/year, avoiding surcharges later.

Do this

1. Decide whether you will handle bookkeeping yourself or use an accounting firm.
2. Get a simple invoicing programme (e.g. Holvi, UKKO Pro, Procountor Solo).
3. Apply for an advance tax card at vero.fi — log in to MyTax and fill in the form.
4. Open a separate bank account for your business.
5. Save receipts digitally right away — take a photo on your phone and save to cloud.

2 Entrepreneur's Income and YEL

How you pay yourself

What is this about?

An entrepreneur does not get a payslip at the end of the month. Instead, you decide how money moves from the business to you — as private withdrawals (sole trader), salary, or dividends (Ltd). The method affects how your taxes and YEL payments are calculated. **YEL** is the entrepreneur's pension insurance, and it also sets your social security level.

What you need to know

- **Sole trader:** you take money out as private withdrawals. Tax is calculated on the whole business profit.
- **Limited company:** you pay yourself a salary or dividends. Note: dividends alone without salary do not build social security.
- YEL is compulsory when your earned income exceeds the lower limit (2026: about €9,200/year).
- **DO NOT** set your YEL income too low — it is your safety net if you fall ill or go on parental leave.

- A new entrepreneur usually gets a **22% discount** on YEL payments for the first 48 months.

> **Example**
> Pekka does consultancy as a sole trader and invoices €60,000/year. After expenses, €50,000 profit remains. He pays YEL contributions (~25% of YEL income, set at €45,000) and taxes. He is left with about €30,000.

Do this

1. Call a pension company (Ilmarinen, Varma, Elo or Veritas) and ask for free help estimating your YEL income.
2. Apply for YEL insurance as soon as your earned income exceeds the lower limit.
3. Open a separate bank account for your business.
4. Save about **30%** of every euro into your business account to a separate 'tax account'.

3 Wages and Employees

When you hire your first person

What is this about?

If you hire an employee, you become an employer, with many new responsibilities. On top of wages there are overhead costs of about 25–30%, and you must arrange the employee's pension, unemployment and accident insurance, occupational health care and correct taxation. Always use an accounting firm for payroll at the start — mistakes are expensive.

What you need to know

- When you hire your first employee, register as an **employer** with the tax authority.
- Wages must be reported to the **Income Register** within five days of payment.
- Overhead costs on top of wages: TYEL, social security contribution, unemployment insurance, accident insurance, group life insurance.
- You must provide **occupational health care** for your employee.
- Most industries have a generally binding **collective agreement** that must be followed.

Example

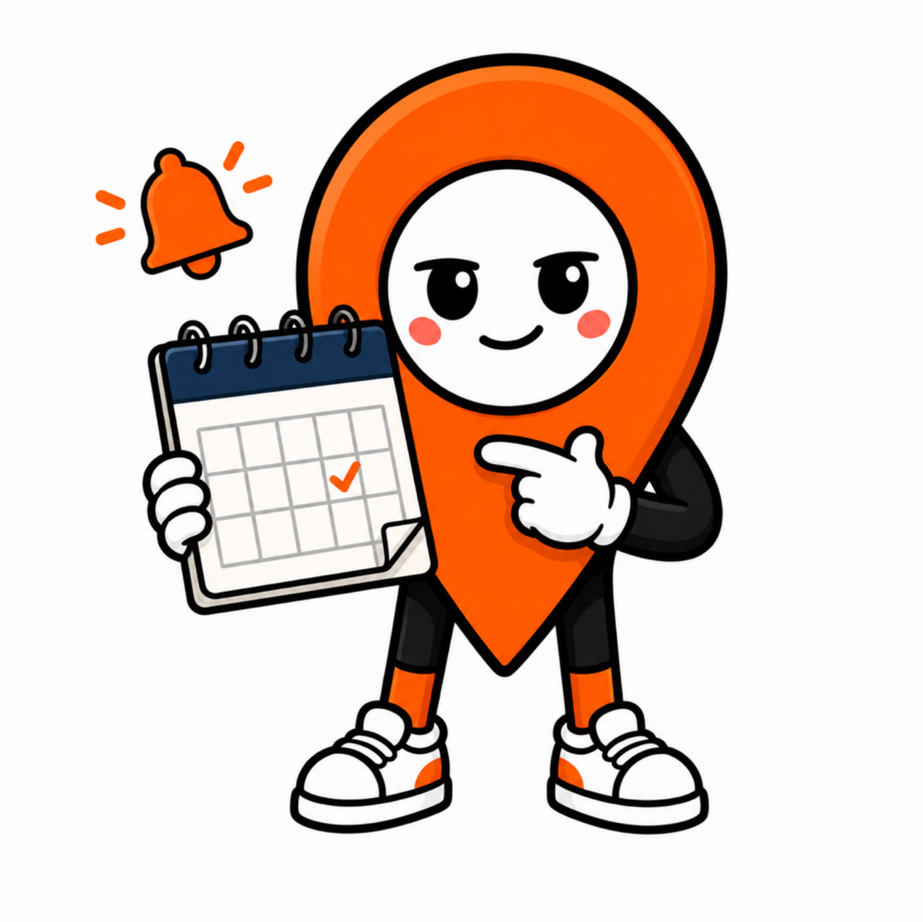
Saga hires her first sales person at €3,200/month. The real cost is about €4,000/month when overhead, occupational health and insurance are added. She calculates that this person needs to bring in at least €6,000–7,000/month in extra sales.

Do this

1. Register as an employer at vero.fi.
2. Write a written employment contract. Templates at yrittajat.fi or tyosuojelu.fi.
3. Choose a pension company and set up TYEL insurance.
4. Get quotes for occupational health care (e.g. Mehiläinen, Terveystalo, Pihlajalinna).
5. Use an accounting firm or payroll programme (e.g. Palkka.fi, Procountor).

4 Filings and Deadlines

Which dates to remember



What is this about?

You must file VAT returns and wage reports to the tax authority regularly — even when nothing has happened. Late filings bring tax surcharges of hundreds of euros. The solution: put filing dates in your calendar as recurring reminders **right away** when you start the business.

What you need to know

- The VAT filing deadline is usually the **12th of the month** (quarterly filers: 12th of the second month after the quarter).
- Always file a VAT return, even if you have nothing to report (a **nil return**).
- Within 4 months of the end of the accounting period, file the income tax return or financial statements.
- After paying wages, file an Income Register report within **5 days**.
- All filings are done in MyTax (vero.fi).

Example

Anna forgets her first VAT filing 4 days late. Even with no sales, she gets a €50 surcharge. She immediately puts a reminder 3 days before every VAT deadline in her calendar. After that, filings always go in on time.

Do this

1. Set up MyTax access (vero.fi) — use your online banking credentials.
2. Find out your filing schedule when you register (monthly, quarterly or annual).
3. Set all filing dates as recurring reminders in your calendar **at least 3 days in advance**.
4. Always file, even if you have nothing to report.
5. If you use an accounting firm, agree clearly on who files and when.

5 Tools and Software

Which tools actually work

What is this about?

You do not need expensive software to start. With one good invoicing programme and regular cooperation with an accounting firm, you will manage your first year well. The most important thing is routine: once a month you go through invoices, receipts and cash flow.

What you need to know

- Good all-in-one solutions for sole traders: **Holvi** (banking + invoicing), **UKKO Pro**, **Procountor Solo**.
- For limited companies, an accounting firm is usually best — common software: Procountor, Netvisor, Heeros, Fennoa.
- Agree with your accounting firm which software to use.
- Save receipts digitally as soon as you get them.
- Keep your business bank account **completely separate** from personal.

Example

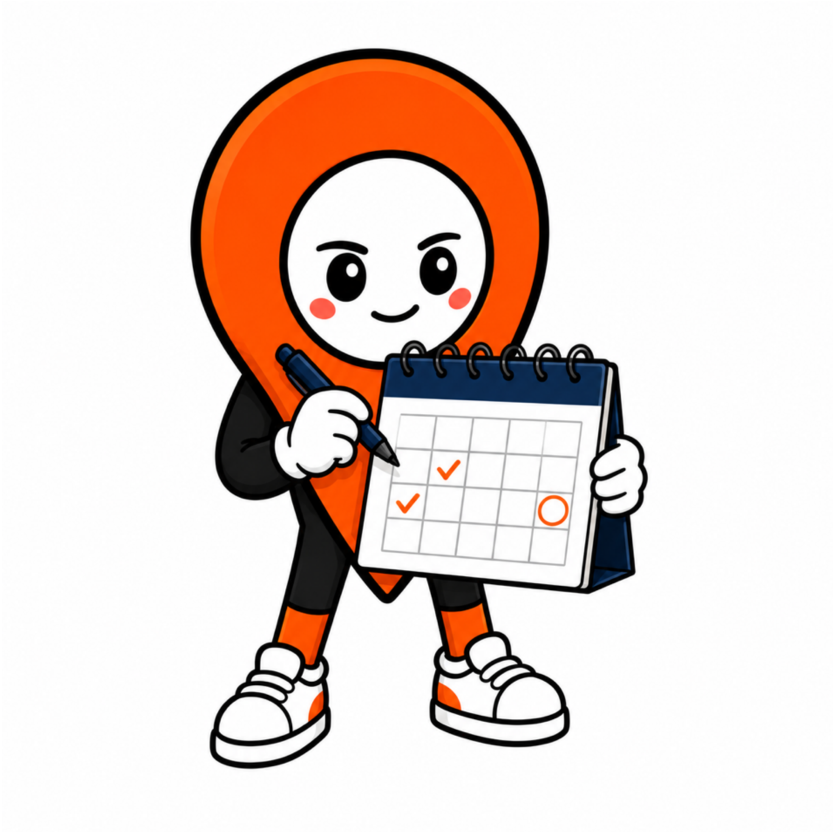
Jukka starts a sole trader hairdressing business. He chooses Holvi, which gives him a business account, invoicing and accounting firm connection. Monthly fee ~€15, year-end financial statements ~€400. Total under €600/year.

Do this

1. Compare 2–3 software options and ask about starter package prices.
2. Agree with your accounting firm on how and when to send receipts (usually once a month).
3. Download an app for photographing receipts on your phone.
4. Put a monthly **'finance day'** in your calendar — set aside 1–2 hours once a month.

6 First-Year Finance Calendar

A timeline you can copy to your calendar



Before starting the business

- Write a business plan (at least a short summary).
- Apply for a start-up grant if relevant — do this **BEFORE** registering!
- Estimate your YEL income together with a pension company.
- Decide on bookkeeping approach — get 2–3 quotes from accounting firms.

When you register (ytj.fi)

- Register your business in the Business Information System (ytj.fi).
- Register for the Prepayment Register (almost always required).
- Register for VAT if you expect turnover to exceed the small business limit.
- Register as an employer ONLY if you are hiring an employee.

During the first month

- Open a separate bank account for the business.

- Get an invoicing programme and log in to MyTax.
- Apply for YEL insurance from a pension company.
- Apply for an advance tax card at vero.fi.
- Get necessary insurance (liability, possibly property).
- Put all filing dates in your calendar.

Every month

- Send sales invoices.
- Scan and save purchase receipts.
- Check which invoices have been paid.
- File the VAT return before the deadline (if monthly filer).
- Review cash flow — how much came in, how much went out.
- Save the agreed share for taxes.

Every quarter (if quarterly filer)

- File the VAT return before the deadline.
- Check whether advance tax matches actual income — adjust if needed.

At the end of the accounting period

- Agree with your accounting firm on the financial statements timetable.
- Send all receipts to the accounting firm.

10 Common Questions

Do I have to register for VAT straight away?

No. VAT registration is only compulsory when your turnover exceeds the small business limit (about €20,000/year in 2026). Below that you can register voluntarily.

Do I need an accounting firm, or can I manage myself?

A sole trader can manage with a good invoicing programme early on. A limited company almost always needs an accounting firm. Most important: do not skimp on the financial side — mistakes are expensive.

How much should I set aside for taxes?

A rough rule: save 25–30% of all income for taxes and YEL. This varies by income level and business form — ask an accountant for your personal estimate.

When do I have to start paying YEL?

As soon as your earned income exceeds the lower limit (~€9,200/year in 2026) and your entrepreneurship has lasted at least 4 months. Apply early — late registration can bring back charges.

Can I deduct business expenses from tax?

Yes. Expenses directly related to your business — equipment, software, work travel, professional literature — are deductible. Keep receipts for everything.

What is the difference between a sole trader and a limited company?

A sole trader: you and the business are the same entity, and you are personally liable for debts. A limited company (Oy) is a separate legal entity — the company is responsible for its debts, not you personally.

How do I pay myself?

A sole trader cannot pay themselves a salary — you transfer from the business account to your personal account as private withdrawals. In a limited company you can pay yourself a salary, which is usually the sensible approach.

How is VAT filed?

Electronically in MyTax (vero.fi) according to your chosen filing schedule. You file even when there have been no sales (a nil return).

What if income is negative?

A negative result is recorded in bookkeeping. For a sole trader, it reduces your other earned income in taxation. For a limited company, losses can be deducted from future years' profits.

What if I cannot afford to pay taxes?

Call the tax authority's business advisory service (vero.fi/yhteystiedot) and ask for a payment arrangement. The tax authority is generally flexible if you contact them before the due date.

Glossary — Business Terms Explained

Accounting firm — A company that handles bookkeeping, financial statements and official filings on your behalf.

Advance tax — Tax paid in advance based on an estimate of your annual income. Paid monthly or quarterly.

Business ID (Y-tunnus) — A unique identifier for your company given when you register. Always add to invoices.

Cash flow — Money coming into and going out of your business account.

Income Register (Tulorekisteri) — Electronic register where paid wages are reported within 5 days.

Limited company (Oy) — A business form where the company is its own legal entity.

MyTax (OmaVero) — The tax authority's online service at vero.fi.

Nil return — A VAT filing when there is nothing to report. Still required.

Overhead costs — Employer costs on top of wages (TYEL, social security contribution, etc.). About 25–30% of wages.

Private withdrawal (yksityisotto) — A sole trader's transfer of money from the business account to their personal account.

Sole trader (toiminimi) — The simplest business form. Entrepreneur personally responsible for debts.

Turnover (liikevaihto) — The company's sales excluding VAT for a given period.

TYEL — Employee pension insurance. Compulsory if you have a paid employee.

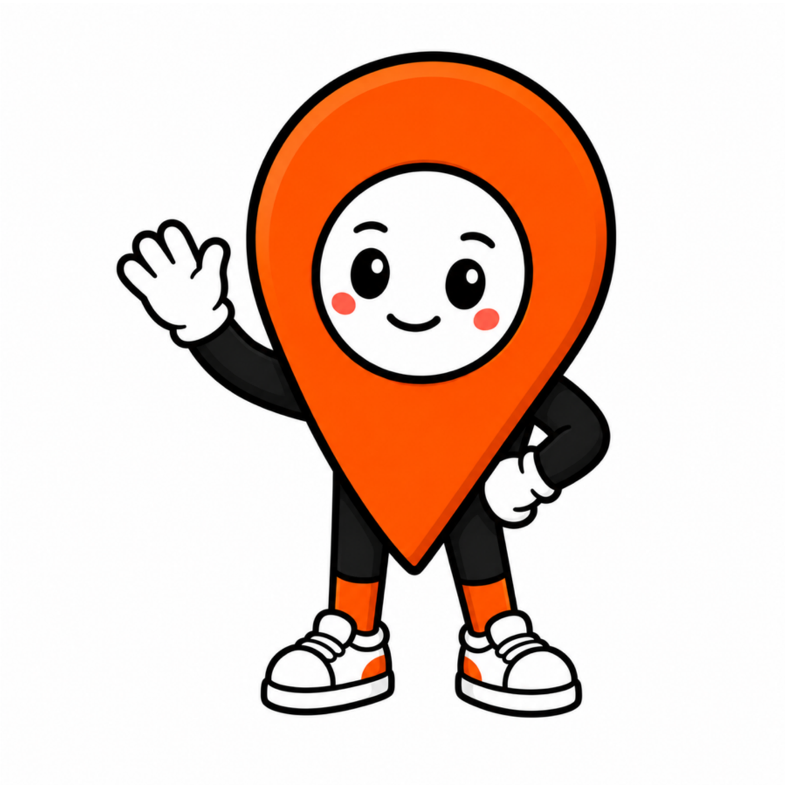
VAT (ALV) — Value added tax added to your selling price. Standard rate 25.5% (2026).

YEL — Entrepreneur's pension insurance. Compulsory above the income threshold. Also sets social security level.

YEL income — Estimated value of your work input if someone else did the same job. NOT the same as turnover.

YTJ / BIS — Business Information System — where you register your company.

Need Help? Contact These Services



You do not need to figure everything out alone. In South Karelia there are many places where you can get personal advice — usually free of charge.

Organisation	Contact	How they can help
Lappeenranta Business Services	lappeenranta.fi/yrityspalvelut	Free business advice from the city
BusinessMill	businessmill.fi	Coaching in Lappeenranta and at LUT University
Kehy — Imatra Region Development Company	kehy.fi	Business advice in the Imatra region
New Business Centre South Karelia	uusyrityskeskus.fi	Free start-up advice
South Karelia Entrepreneurs	etela-karjala.yrittajat.fi	Peer support and training for members
Tax Administration (business advice)	vero.fi/yhteystiedot	Tax, VAT and YEL questions
Mieli ry crisis line	tel. 09 2525 0111	Mental health support, also for entrepreneurs

And remember:

This guide gives you the basics, but for your own specific questions, the best answers come from a local business advisor or accounting firm. Ask your questions directly.

About this guide

This guide was compiled as part of the **Entrepreneurship Maternity Pack** project (1 January 2025 – 31 December 2026).

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Participating accounting firms

- TSL-Tilit Oy
- Tilitoimisto Ruokolainen
- Tilikarelia Oy
- Greenstep Oy, Lappeenranta
- KiTitalous Oy
- EP-Tilitaito Oy

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