



**Confederation of Finnish
Construction Industries**

Responsible Business in Construction sector in Finland



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Determining terms of employment

- In Finland employee's terms of employment are based on:
 - legislation
 - collective agreements and
 - contract of employment
- The member organizations of the Confederation of Finnish Construction Industries RT have signed 8 worker (blue collar) agreements and 3 employee (white collar) agreements



Determining terms of employment

- Regulations regarding employment relationship and termination of employment and also working safety can generally be found in the law
- Regulations concerning working hours and annual holidays can usually be found both in the relevant law and in a collective agreement
- Regulations regarding salary can be found in the collective agreement
- Actual wage is agreed in a contract of employment
- A foreign posted employee working in Finland is generally applied with same rules as a Finnish worker

Posted Workers Act

- A foreigner directly employed by a Finnish company has the same status as a Finnish citizen while he/she is working in Finland.
 - The same terms of employment in force in Finland shall be applied to both foreign and Finnish employees.
- With regard to employees posted by foreign companies, rules applicable to the employee are specified in the Posted Workers Act.
 - Basically the same terms are to be applied to posted employees as to Finnish employees (wage and other compensations, working hours, holidays, occupational health care).
- It should especially be taken into account that also daily allowance shall be paid to posted workers and that the posting company is responsible for the costs of posting the worker abroad and those costs cannot be deducted from the worker's pay.



Combating the Grey Economy more effectively

- Before a posted worker starts working he/she shall apply a Finnish Social Security Number and a Taxpayer Identification Number (TIN) from the Finnish tax authority (1.9.2012-)
- Each person working at construction site shall wear a mandatory badge the TIN, employee's picture, name and employer's name on it (1.9.2012-). Mandatory for both, Finnish and foreign people.
- Main contractor shall monthly report to tax authorities all employees on the construction sites (1.7.2014 -)
- Each subscriber having a subcontractor shall monthly report to tax authorities the payments paid to the subcontractor (1.7.2014 -)
- Background of each subcontractor to be resolved before making a contract (Act on the Contractor's Obligations and Liability when Work is Contracted Out; since 2007)
- Posting company shall inform the Finnish occupational safety and health authority as well as the builder and the main contractor of the workers it's posting at the latest on the day the contractual work begins (1.9.2017-)



Act on the Contractor's Obligations and Liability when Work is Contracted Out

- The contractor has an obligation to check the background of the contractual parties with whom the contractor is concluding an agreement involving specific work based on subcontracting.
- Any company acting as contractor in a contractual chain is responsible to require the information mentioned in the Act on Contractor's Liability
- The background must be checked before the contractor concludes the contract on the use of a temporary agency worker or on work based on a subcontract.
 - If, however, the contractor acquires the required information at a later date, the contract must contain an escape clause for cases where the information reveals something suspicious.
 - In any case, the information required by the Act of Contractors' Liability shall be acquired before starting the work mentioned in the contract.



Act on the Contractor's Obligations and Liability when Work is Contracted Out

Information to be checked:

- 1) an account of whether the company is entered in a) the Tax Prepayment Register b) the Employer Register c) the Value Added Tax Register;
- 2) an extract from the Trade Register;
- 3) a certificate of tax payment or of tax debt, or an account that a payment plan has been made regarding a tax debt;
- 4) certificates of pension insurances taken out and of pension insurance premiums paid, or an account that a payment agreement on outstanding pension insurance premiums has been made; and
- 5) an account of the collective agreement or the principal terms of employment applicable to the work.
- 6) In addition the contractor relating to construction activity shall acquire a certificate showing that the contractor has taken out an insurance for his/her employees in accordance with the Employment Accidents Insurance Act.
- 7) occupational health care in Finland

A contract shall not be concluded with a party in which a partner, a member of the Board of Directors, the Managing Director, or another person in a comparable position has been barred from conducting business.



ID-badge and Taxpayer Identification Number (TIN)

- Each person working on the construction site shall wear ID-badge indicating:
 - Photo of the worker/self-employed
 - The name of the worker/self-employed
 - The real employer of the worker (= company paying worker's salary) or the official name of legal entity of self-employed
 - Taxpayer Identification Number (TIN) which is registered into a public tax number register in Finland
- The obligatory use of TIN is intended to ensure that each person working in the construction sector in Finland are known to Finnish tax authority and pay taxes of their work.



- The occupational safety and health authority inspect the use of ID-badges and TIN at the construction sites.
 - In practice the occupational safety and health authority make rounds at the construction sites having a main contractor's site manager of each site with them.
- Main contractor, builder and all the companies operating at the construction site have joint liability to make sure that the workers have ID-badges and TIN while working at the site
 - Main contractor has a general obligation related to all workers and self-employed
 - Builder has an obligation to require the main contractor to take care of this obligation while making a contract with the main contractor
 - Subcontractor has this obligation only related to its own workers



Monthly reports - employees

- As of 1.7.2014 Finnish tax legislation was changed and the main contractor got a new responsibility to monthly report to tax authorities the employees (own and subcontractors') working on a shared construction site.
 - Report shall include identification of a person and employer, person's country of residence, start date for working and also the estimated end date. If a person's country of residence is reported to be other than Finland (posted worker), then the employer also gives information person's home address in home country as well as information whether a person has a valid E010/A1 certificate.
- The report shall be submitted on the fifth day of the second month following the reporting month at the latest (for example, the information for July should be submitted at the latest on the 5th of September).
- Each employer and self-employed person is liable to provide information on persons working on a shared construction site to the main contractor before the working has started.

Monthly reports - payments

- Each subscriber having a subcontractor shall monthly report to tax authority the payments paid to the subcontractor (contracts over 15.000 euros), also content of contract shall be reported.
 - Subscriber may be the constructor, the main contractor, an auxiliary contractor or a subcontractor
- The report shall be submitted at the latest on the fifth day of the second month following the reporting month
- A household as contractor – above reports required in more simple form for tasks covered by a building permit and only at the end of the constructing project.



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