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Experiences on cooperation between authorities in Finland

Sakari Kauppinen

National Board of Patents and Registration, Finland

Basic Registers of Society

Finland has an internationally respected system of basic registers to serve the information needs of the whole of society. The basic registers are national information systems that identify the basic units of society. These basic units include natural persons, corporations (legal persons), buildings and real estate units.

The basic registers contain information on those properties and relationships of the basic units of society that are of vital importance for individuals or society. Each register describes the state of the basic unit, as well as the events that have caused changes in its state.

The characteristics of the basic registers include broad coverage, reliability, versatility and data protection. Another characteristic is that they have been prescribed by law or statute.

Broad coverage and reliability are quality properties of the basic registers. Broad coverage means that all basic units in accordance with the definition are entered in the register and also given an official identifier. Reliability results from the authorities' responsibility to maintain the basic registers. The data is usually collected from those being registered, from their representatives, or from the appropriate authorities, and is subject to a rectifying procedure.

Versatility and data protection relate to the rationality of the systems. According to the principle of versatility, all data should be collected only once, after which it can be used via the information service by other authorities and by those who need the information. Data protection means that the access to and delivery of data are strictly regulated.

In Finland, the basic registers defined by the above criteria are the Personal Information System (registers natural persons), the Company Information System (registers corporations and legal persons), the Real Estate Information System (registers real estate units) and the Building Information System (register buildings).

The Company Information System

Information on companies is required mainly for the following purposes: supervision of companies' rights and obligations, municipal and state administration services to companies, the industrial policy of the public sector, regional policy, and the companies' business activities. Customers of the Company Information system include, therefore, chiefly the National Board of Patents and Registration, the tax administration, the Ministry of Trade and Industry with its district administration, the Ministry of Labor and the organizations subject to it, the labor protection authorities, the municipalities and regional councils, Statistics Finland and the companies themselves.

The Company Information System is not one single register but it consists of registers kept by three authorities:

- Trade Register (Business Register, Companies Register) and Foundations Register kept by the National Board of Patents and Registration,
- Business Register kept by Statistics Finland, and
- Registers kept by the National Board of Taxes. These include a Client Register, the VAT register, Withholding Tax Register and Employer Register.

These registers are united by a new coordinating register called Business Information System (BIS), established in April 2001. BIS is an information system jointly maintained by the National Board of Patents and Registration of Finland and the National Board of Taxes. At present, Statistics Finland is not directly connected to BIS, but as it uses information gathered by other authorities, the units in its registers are the same as in BIS.

What is BIS?

The basic role of BIS is to administer the units in the different registers. For that purpose it furnishes all units with a unified, single identification code called The Business Identity Code (Business ID). The basic units include commercial companies or other corporations such as associations, foundations, authorities of the public administration and private entrepreneurs (sole traders).

In addition to Business ID, BIS provides also joint contact information: post address, street address, telephone and fax numbers, e-mail address. There are plans that this data could be shared and collected together with still other organizations, e.g. the Finnish Post, in order to improve the quality of the data.

Business ID has replaced all other codes, used earlier by authorities and organizations. It is used also in the EU as the company's VAT number, by adding a two-character country code 'FI' as a prefix to it. Business ID is also the code that according to the First Council Directive has to be published on the letters and order forms of the company.

A new business will get a Business ID as soon as the authorities have entered the notice on the start of a business into the Business Information System. The authorities and the information service on these web pages will provide the Business ID in approximately two working days from filing of such notice.

Another important feature of BIS is joint reporting to all the cooperating registers, i.e. the registers kept by the National Board of Patents and Registration and the National Board of Taxes. The system enables businesses to report their company information in one single notice to both authorities. The joint reporting covers most of the notices filed by the companies. The only significant exception are annual accounts that still are reported separately to the different authorities. However, a project is working on electronic annual accounts that include the needs of the Trade Register, Tax Authorities and Statistics Finland.

The joint form may be sent to a joint authority address or filed in person with either of the authorities. In practice, sending by mail is the most common way, about 2/3 of companies use it.

In addition to single identification codes and joint notices BIS has a third cornerstone: BIS information service. It tells you whether an enterprise has been registered, what its status is in the different registers and what the address of an enterprise is.

BIS information system was the solution to the problem that the earlier registration number gave the impression that the company had been entered into the Trade Register. The new Business ID does not contain this information, nor any other information. So an online information service was created to supply this information. This service, which is free of charge and available 24 hours a day, has become very popular. Nowadays it gets 16 000 visitors daily and up to 250.000 inquiries monthly.

The set of data is limited but, as it combines data from different sources, it is a valuable tool for everyone who wants to know the status of a company.

Personal data in the Business Register

An important part of business registers' content is personal data. There are persons in many roles that are registered, e.g. founders, partners, directors, sole traders and persons entitled to sign for the company. Their personal data includes their names, nationalities, domiciles and addresses. In Finland persons are identified by personal identity numbers. The number is based on a person's birth date and a personal identification code. It is vastly used in both public and private registers, but its use is strictly regulated in order to avoid abuses.

An example of how the concept of basic registers works, is the registration of persons in the Trade Register. Only the role and the identity number is needed for the registration. All other relevant data (name, address, nationality, death, possible guardianship) is obtained online from the Population Information System.

This system has been in use since the middle of the nineties. It has significantly improved the quality of the register: no false or nonexistent persons can be entered into the register. The data is always correct as it is updated from the Population Information System automatically every night. For the companies the biggest advantage is that no notices are needed for e.g. for removals or change of name.

The personal identity number is allotted to all citizens and residents of Finland. Other persons wishing to be entered into the Trade Register have to prove the correctness of their data e.g. with a copy of their passport.

Experiences on cooperation

Cooperation between two different authorities, even within the same country, is not always easy. Different practices may be based on different administrative cultures or different, sometimes even contradictory regulations. Authorities are used to working separately instead of seeing the administration as a whole. There may be rivalries as more than one authority are interested in the same functions.

Business Information System BIS implies close cooperation between the National Board of Patents and the National Board of Taxes. A good starting point was that both authorities were unanimous about the need of a new system and about its benefits. The plans were approved and supported by the highest directors in both organizations. They also actively supported the project when difficulties arose.

The creation of BIS meant a huge task to check all the existing units and find their counterparts in the different registers. Without a lot of good will this could not have been achieved. In order to create a sound base for future, a new law, the Business and Corporations Data Act, was enacted. It defines, among other things, the basic units to which the new Business ID is allotted.

BIS implies a close daily cooperation, as the joint notices can be filed with both authorities. They are entered into the joint BIS diary system literally by hundreds of clerks in different regional offices. This requires common rules and practices. This has meant a good deal of learning. However, with good will most of the problems have been dealt with rapidly.

For the companies, the biggest change has been the abolition of different forms and notices to different registers. This has led to a single form with several pages and a brochure of instructions with dozens of pages. In some cases the new form is more difficult to fill in, especially if you are notifying only one authority about a minor change. But in most cases, the companies have expressed their view that the single form has reduced their burden significantly.

Registrars' pool

Registrars' pool is an independent cooperation body for the authorities that keep the basic registers in Finland. The pool is a loose cooperation body that largely works through its subgroups.

It has members from the Ministry of Justice, Central Population Register, Statistics Finland, National Board of Taxes, National Land Survey of Finland, National Board of Patents and Registration, Association of Finnish Local and Regional Authorities, City of Helsinki and Vehicle Register Center.

Its tasks include:

- improve the interoperability and uniformity of registers
- develop the content, quality and availability of information services from the basic registers of society
- create preconditions for efficient data markets
- promote other forms of cooperation between the basic registers of society