

No. 1351/2003

Issued in Helsinki, December 30, 2003

**Act
on Social Enterprises**

By decision of Parliament, the following is enacted:

**Section 1
Purpose and definitions of the Act**

The social enterprises referred to in this Act provide employment opportunities particularly for the disabled and the long-term unemployed.

Under this Act:

- 1) *the disabled* are employees whose potential for gaining suitable work, retaining their job or advancing in work have diminished significantly due to an appropriately diagnosed injury, illness or disability;
- 2) *the long-term unemployed* are employees, who before the start of their employment relationship were unemployed jobseekers as referred to in chapter 1, section 7(1), paragraph 5 of the Public Employment Services Act (1295/2002) or in Chapter 7, section 6(1), paragraphs 1 and 2 of the Unemployment Security Act (1290/2002).

**Section 2
A social enterprise and the right to use the name social enterprise**

A social enterprise is a registered trader who is entered in the register of social enterprises.

Only traders referred to in paragraph 1 have the right to use the name social enterprise for their business.

**Section 3
Support for social enterprise**

Employment authorities may, within the limits of the national budget, provide support for the establishment of a social enterprise and the consolidation of its operations, if the specific aim of the trading is to employ persons in a poor labour market position. Support can also be provided for some other corporation or foundation for the promotion and development of social enterprise under this Act. The support is further provided by Government decree.

The provisions on employment subsidy granted to social enterprises are laid down in the Public Employment Services Act. The provisions on combined subsidy are laid down in the said Act and the Unemployment Security Act.

**Section 4
Entry in the register of social enterprises**

A corporation, a foundation or another registered trader may on application be entered in the register of social enterprises under section 3 of the Trade Register Act (129/1979), provided that:

- 1) it is entered in the trade register under the said Act;
- 2) it produces goods and services on a commercial principle;
- 3) at least 30 per cent of the employees in the company's employ are disabled persons, or at least 30 per cent of all employees are disabled and long-term unemployed (*percentage of placed employees*); and
- 4) it pays all its employees, irrespective of their productivity, the pay of an able-bodied person agreed in the collective agreement, and if no such agreement exists, customary and reasonable pay for the work done.

Moreover, the registration requires that the applicant fulfils the following criteria:

- 1) the registered trader has not acted contrary to law or good business practice in a material way;
- 2) the registered trader has not defaulted on taxes, social security contributions or other payments to the State; or pension, accident insurance or unemployment insurance contributions.

Employers whose specific aim is to employ persons in a weak position in the labour market are entered in the register of social enterprises separately.

Section 5 Percentage of placed employees

A disabled person and a long-term unemployed person are included in the percentage of placed employees for as long as employment subsidies or combined subsidies are paid towards their wage costs.

In calculating the percentage of placed employees, a handicapped person in subsidized employment under the Social Welfare Act (710/1982) section 27 d(3), who has been referred to a placement by the employment office and for whose employment the local authority pays subsidies to the employer, is equivalent to a disabled person.

Disabled persons or the long-term unemployed who have been referred to a placement by the employment office and towards whose wages no employment subsidy or combined subsidy is paid, are included in the percentage of placed employees for the period for which their employer must pay them wages, in the case of a long-term unemployed person, however, the subsidy period may not exceed one year.

Handicapped persons, who have been referred to a placement by the employment office and for whose employment the employer has received subsidies from the municipality under subsection 2, are compared when calculating the percentage of placed employees at the end of the subsidy period to disabled persons for the period for which the employer must pay them wages.

The percentage of placed employees must always include the employees referred to in subsection 1 or 3. In calculating the percentage of placed employees, any employees whose regular working hours exceed 75 per cent of the maximum working hours in the sector are included. In the case of the disabled the percentage of placed employees, however, includes those whose regular working hours are at least 50 per cent of the maximum working hours in the sector.

Section 6

Register of social enterprises and entry of data

The register of social enterprises is an employer register maintained separately by the Ministry of Labour under section 4(2) of the Act on an information system for the labour administration's customer service (1058/2002).

Under section 4(2), paragraph 2 of the said Act the register may also include employer-customers' descriptive data required for the enforcement of this Act, which have not been entered in the labour administration's information system as services to an employer as referred to in the Public Employment Services Act, and which are not personal data.

Also data referred to in section 4(2), paragraph 5 of the Act on an information system for the labour administration's customer service may be entered in the register, i.e. identity data for handicapped employees referred to in section 5(2) and (4), including personal identity numbers and information on the support provided and paid by the municipality for their employment.

Section 7

Removal from the register of social enterprises

The following registered employers are removed from the register:

- 1) whoever so requests;
- 2) those in whose employ the percentage of placed employees has declined below the percentage of placed employees laid down above, and the registered trader has not employed disabled persons or long-term unemployed within six months so that the criterion would be met again; or
- 3) those who do not meet the other criteria for entry into the register

Registered traders are removed from the register if they have received or attempted to receive official support unjustifiably by:

- 1) submitting false information on an essential point when applying for the subsidy;
- 2) concealing information which essentially affects the granting or payment of the subsidy; or
- 3) refusing to provide information, documents or other material which is necessary for the payment or monitoring of the subsidy, or by refusing to assist appropriately in an investigation.

Section 8

Obligation to provide information

Registration applicants must provide the Ministry of Labour with the necessary information on the fulfilment of the criteria referred to in sections 4 and 5 in the manner specified by the Ministry and any other necessary information required for the maintenance of the register.

A registered trader must without delay notify the Ministry of Labour of any changes in the information referred to in subsection 1.

A central or local government and other public corporation official, an insurance and a pension institution, and a pension foundation are obliged to provide the Ministry of Labour free of charge any information required for the enforcement of this Act.

Section 9 Decisions concerning registration

The Ministry of Labour must provide a decision in writing for a refusal of registration or a removal from the register. A registered trader must be given an opportunity to be heard before removal from the register.

The person concerned may appeal the decision for a refusal of registration or a removal from the register as provided in the Administrative Judicial Procedure Act (586/1996). Despite the appeal, the decision of the Ministry of Labour must be observed until a legally valid decision has been given in the matter or the appeal authority otherwise prescribes under section 32 of the Administrative Judicial Procedure Act.

Section 10 This Act enters into force on January 1, 2004

Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

In addition to the disabled and the long-term unemployed, the percentage of placed employees in 2004-2007 includes any other placed employees towards whose wage costs combined subsidy is paid as a combined subsidy experiment referred to in Chapter 7, section 11 of the Unemployment Security Act.

HE 132/2003

TyVM 9/2003
EV 130/2003

Issued in Helsinki on December 30, 2003

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