

# Companies' de minimis funding (Explorer, Trade Fair, Tempo)

Funding terms and conditions 16 January 2019

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# 1 Funding decision and its terms and conditions

- The funding decision come into effect once any special conditions laid down for entry into force of the decision have been fulfilled and the beneficiary has accepted the funding decision and its terms and conditions in the online service.
  - In conjunction with acceptance, the bank account number into which the funding will be deposited shall be indicated.
  - The person approving this decision must be authorised to sign for the organisation.
- These terms and conditions for funding are part of the funding decision, and compliance with them is the prerequisite for payment of the funding.
- The funding granted under the funding decision is de minimis in accordance with regulation (EU) No 1407/2013 of the European Commission. The total amount of minor (de minimis) support for one business enterprise must not exceed EUR 200,000 for the current and two previous tax years of the period concerned. On the Group level, the parent company and subsidiaries are regarded as one enterprise in accordance with European Commission regulation 2 article 2, and the aid given to these is calculated together. In calculating aid, all aid obtained from the various authorities (for example, the municipalities, regional councils and authorities under the jurisdiction of the Ministries, such as Finnvera Oyj, Centres for Economic Development, Transport and the Environment (ELYCentres) and Business Finland (formerly Tekes) in accordance with de minimis terms shall be taken into account.
  - The beneficiary shall be responsible for the accumulation of de minimis support.
- These funding terms and conditions are issued under section 11 (4) of the Act on Discretionary Government Transfers (688/2001).
- [Scope of application and legal basis](#)



## 2 Publicity of the funding decision

- The following information will be public: the beneficiary's name, business ID, size, sector, region, form of financing, granting date, the amount of funding granted and the amount paid.
- When the beneficiary disseminates information about the project or its results, it must disclose that the Funder has provided funding for the project.
- The Ministry of Economic Affairs and Employment, Finnvera, the Business Finland Oy, Innovation Funding Agency Business Finland, ELY Centres and TE Offices may exchange client information relating to the beneficiary.
- The Funder may also require information from other authorities and funding bodies (such as the Finnish Tax Administration, municipalities, banks, capital investors, Sitra and the Foundation for Finnish Inventions) for the purposes of payment and supervision of funding.
  - The Funder may, notwithstanding confidentiality provisions relating to business secrets, contact these authorities and funding bodies in order to obtain or provide information associated with the beneficiary and this project. The beneficiary agrees to the exchange of information in accepting the funding decision.
- The beneficiary must submit their annual statements, including appendices, for publication in the Finnish Patent and Registration Office, as laid down by law.



## 3 Accountable project leader

- The accountable project leader appointed by the beneficiary must be in an employment relationship with the beneficiary.
- The accountable leader is responsible for ensuring that:
  - the funding decision has been accepted in the online service
  - project accounting has been arranged in accordance with these terms and conditions
  - the project is implemented in accordance with the plan
  - the persons that have been chosen to manage the project's issues in the online service have access rights to the project.
- In connection with the final report, the accountable leader assures that the funding has been used to implement measures in accordance with the project plan, and that the funding has not been used for export activities, establishing a distribution network, or activities in other Member States or third countries.
- The accountable leader also assures that the funding has not been used to purchase services from associated companies other than group companies.



## 4 Reporting and payment of funding

- The first funding instalment can be paid in advance. The Funder will pay the rest of the funding based on an approved final report.
- The accountable project leader reports the realisation of the project through the Business Finland's online service.
- As a rule, the beneficiary does not need to report the actual costs of the project.
  - If the project costs remain lower than the planned cost estimate, the beneficiary must report this in connection with the final report.
  - The beneficiary must report purchased services that exceed the national threshold value (EUR 60,000) laid down in the Act on Public Contracts.
  - The Funder has the right to request information and documents required for monitoring the project. Such information may include, for example, names of the people working on the project, the salaries subject to withholding tax paid to them, copies of receipt of purchase invoices, invoice itemisations and the selection criteria for purchased services.
- The Funder assesses the requirements for the payment of funding based on the report.
  - The Funder may withhold the payment or a part of it and order any funding already provided to be repaid immediately, if the work in the project has not been done in accordance with the plan, and for that reason, the goals have not been reached.
- In trade fair projects the minimum government grant paid for joint projects is EUR 500 for SMEs.
- Entitlement to the granted funding or part of it will lapse if the beneficiary does not submit the requested reports or further information by the due date specified in the funding decision or separately notified by the Funder. The Funder may order any funding already provided to be repaid immediately, with interest.



## 5 Joint action

- In joint action, the parties must provide the Funder with a progress report on their own work according to the schedule mentioned in the funding decision.
- In addition to the monitoring of project's progress, the project partners must report on how well cooperation has been realised. Any departures from the cooperation foreseen in the project plan must be approved by the Funder.
- A service purchased from another joint action partner can only be accepted as a project cost if the service forms part of the business operations of the seller, i.e. it is not part of the R&D&I activities which the seller declares to the Funder.
- Payment of funding may be suspended for all of the partners, if the cooperation foreseen in the project plan is not achieved due to the funding decision concerning one of the partners, or because of a breach of the funding terms and conditions.
- In trade fair projects the minimum government grant paid for joint projects is EUR 500 for SMEs.
- The Funder has the right to disclose information to other project partners if such information affects cooperative activity or the payment of the funding. The beneficiary will be heard before such a disclosure is made.



## 6 Project accounting

- The beneficiary must arrange its accounting so that the costs arising from the project can be itemised and their connection with the accounting can be verified.
- Hourly monitoring of working time used for the project is not required, but the beneficiary must be able to identify the people who worked for the project and the salaries subject to withholding tax paid to them, if necessary.
- Project documents and other materials necessary for the supervision and auditing must be kept for a minimum of ten years after the payment of the last project funding instalment.



# 7 Eligible costs (1)

## 7.1 Principles

- Eligible costs include costs in accordance with the project plan, which
  - have arisen from the project during the duration of the project
  - have been entered in the accounts of the beneficiary
  - are exclusive of VAT
  - have been paid by the beneficiary itself in money by the time of submitting the final report.
- An expense based on an order placed before the beginning of a project period cannot be allocated to the project except when the order is associated with an option to annul it, linked to the launching of the project.
- In trade fair projects, however, reservation and registration costs may be accepted even if they were incurred before the start of the project phase.
- The de minimis regulation prohibits funding targeted at activities related to export, such as operational activities directly related to the amount of exports and other export-related activities. All funding for the establishment of a distribution network as well as related activities, such as warehouses, outlets and logistics centres and other distribution-related direct investments and operations, is also prohibited.



## 7 Eligible costs (2)

### 7.2 Purchases from group and associated companies

- The Funder approves purchased services from group companies, but not from other associated companies. Companies are associated with each other if at least 20 per cent of the other company's entire share capital or corresponding shareholders' equity is directly or indirectly owned or controlled by the other company. The Funder may also consider companies as associated companies if the other company has a controlling interest in the other company or can in other ways influence where the other company makes its purchases. Such a situation may arise when the companies have a common Board member, an accountable person, a family member, an employee and/or a funding body.
- No purchases from group or associated companies will be accepted in Explorer projects.



## 8 Procurement procedures

- When the beneficiary is a public procurement unit or the funding provided by the Funder or other public funding covers more than 50 per cent of the project costs, the beneficiary must observe the provisions of the Act on Public Contracts. The procurement must be subject to tendering as a public contract when its total value, exclusive of VAT, exceeds the national threshold value set in the law. If competitive tendering in accordance with the law has not been carried out, funding for procurement for companies may be 50 per cent at maximum.
- If a public procurement unit has made a procurement in violation of the procurement provisions, the procurement price is not an eligible cost.
- The beneficiary must prove that competitive bidding has taken place by attaching a copy of the contract notice published in HILMA ([hankintailmoitukset.fi](http://hankintailmoitukset.fi)) to the cost statement, or by providing justification for applying the direct award procedure.



## 9 Other public funding

- When reporting the beneficiary must give the details of all other public funding for the project (funding from the state, municipalities and other public organisations or foundations). Funding granted by the European Union must also be reported.
- The total funding that the project receives from the Funder and other providers of public funding may not exceed the full amount of the approved total costs. If necessary, the Funder will reduce its own contribution so that the maximum amount of public funding is not exceeded.



# 10 Monitoring of funding impact

- The Funder will continue to evaluate the impact of the projects after their completion. If necessary, the beneficiary must report on project results for five years after the completion of the project.
- The beneficiary must, on request, provide details of the outcome of the plans and forecasts that it presented during the processing of the application and the implementation of the project. The Funder may request a report on how the business forecasts concerning the project have developed.
- The Funder must have the opportunity to audit the beneficiary's annual accounts and auditing statements kept in the Finnish Patent and Registration Office database for a period of five accounting periods following the completion of the project and to commission an analysis of the beneficiary's annual accounts from another public funding agency.



# 11 Changes to the project

- The beneficiary must obtain consent for project changes. Consent must be sought from the Funder in writing in advance if the project progress deviates from the plan in the following aspects:
  - significant changes to the project plan
  - changes to the schedule
  - changes to a reporting date
  - changing the accountable project leader.
- The beneficiary must immediately notify the Funder of other significant changes to the project, for example if there are changes to key personnel resources.
- Changes to the bank details shall be notified with the Y1 form on the Business Finland's website.



## 12 Project transfer, IPR and approval of corporate reorganisation (1)

- As a rule, the funding decision may not be transferred to a third party.
- The beneficiary must ensure that the ownership and intellectual property rights of the results of the project belong to the beneficiary, either based on legislation or a separate agreement. If the beneficiary uses intellectual property rights owned by a third party (including employees and owners) in the project, the beneficiary must ensure that it has sufficient rights to use these intellectual property rights for the research and development as well as the business activities in accordance with the project plan.



## 12 Project transfer, IPR and approval of corporate reorganisation (2)

The beneficiary must inform the Funder in writing in advance if, during the project or within five years of payment of the final funding instalment, it

- sells, gives as security or otherwise assigns business or any part thereof generated in the project
- sells, gives as security or otherwise assigns intellectual property rights or other rights generated in the project
- moves its business activities abroad, or
- undertakes other significant business changes or reorganisation activities (such as merger, division, significant changes in ownership, and significant personnel cutbacks that are directed at operations funded by the Funder).



## 12 Project transfer, IPR and approval of corporate reorganisation (3)

- Prior consent of the Funder is required for the measures referred to in this section that are carried out outside the European internal market or that may undermine the realisation of the targeted project impacts.
  - No approval is needed if licensing is an integral part of the business originally targeted as part of the project.
- The Funder may give its approval if the targeted project impacts can, for the most part, be achieved and the loan repayment secured despite the changes.
- The Funder has the right to claw back the funding under section 17 of these terms and conditions if the beneficiary violates against the provisions laid down in this section.



## 13 Beneficiary's disclosure obligation

- The beneficiary must provide the Funder with accurate and sufficient information for the payment of funding and to monitor compliance with the terms and conditions.
- The beneficiary must inform the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding.



# 14 Right of inspection

- Innovation Funding Agency Business Finland, the National Audit Office, the European Commission and the European Court of Auditors have the right to audit the finances and operations of the beneficiary as required for the payment of the funding and supervision of its use.
- The audits can be performed by other authorities or auditors authorised by the Innovation Funding Agency to carry out the task. An external expert may, at the Innovation Funding Agency's request, assist in the performance of the audit.
- Right of inspection is in effect for a period of ten years from the payment of the last project instalment. Project documents and other materials necessary for monitoring and auditing must be stored for a period of five years after the payment of the last project-funding instalment.
- The beneficiary should assist with the inspection and provide the needed information for the inspector without compensation.
- The auditor has the right to seize any material subject to audit, if auditing so requires. A written record must be drawn up of any seizure of materials during an audit. The record must state the purpose of seizing the material and what has been seized. The seized material must be returned without delay when it is no longer needed for the audit.
- The auditor has, to the extent required by the audit, the right to enter the premises managed or used by the beneficiary. This applies to the business, storage and other similar premises used for practising a profession or a business, as well as other areas relevant to the granting of the funding and the supervision of its use. Audits may not be carried out in premises covered by the inviolability of the home.



# 15 Discontinuation of payment

Innovation Funding Agency Business Finland may order the interruption of the payment of the funding on following grounds:

1. The Funder has reasons to suspect that the beneficiary does not provide the Funder with correct or adequate information or uses the funding in a manner that is in violation of the funding decision.
  2. The grounds on which the funding was granted have essentially changed. Such changes include situations where
    - a) the beneficiary deviates from the project plan without a written authorisation granted by the Funder
    - b) there is a substantial deterioration in the beneficiary's financial position in relation to the anticipated trend
    - c) the company loses its equity
    - d) the company initiates reorganisation proceedings
    - e) the company accumulates tax debts
    - f) the company has failed to adhere to the repayment obligations concerning the loans granted by Business Finland.
  3. The payment of funding must be interrupted under European Union legislation.
- If the grounds for the interruption are not corrected within the time specified in the decision to interrupt funding, the Innovation Funding Agency Business Finland has the right to discontinue the funding and to claw back the funding already paid in whole or in part.



## 16 Repayment of funding

- The beneficiary must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause.
- Amounts of less than 100 euros need not be repaid.
- The beneficiary must contact the Funder before the repayment of funding.



# 17 Claw-back of funding (1)

Innovation Funding Agency Business Finland may claw back any funding already paid or order the immediate repayment of a loan if the beneficiary violates against these terms and conditions.

## 17.1 Statutory claw-back

Innovation Funding Agency Business Finland shall issue a decision ordering the discontinuation of the payment of funding and the claw-back of funding already paid if the beneficiary has

1. failed to return funding or part thereof that must be repaid under section 16
2. used the funding for a purpose essentially different from that for which it was granted
3. provided false or misleading information about a matter that has been essential to the granting of the funding, its amount or terms and conditions
4. otherwise essentially violated against provisions concerning the use of the funding in a manner comparable to paragraphs 1-3 or these terms and conditions.



# 17 Claw-back of funding (2)

## 17.2 Discretionary claw-back

Innovation Funding Agency Business Finland may order the discontinuation of funding and the claw-back of funding or part thereof already paid if

1. false or misleading information has been provided for the purpose of payment or supervision of the funding, information has been concealed, the provision of the required information has been refused or the information requested by the Funder has not been provided by a specific date
2. the beneficiary has not complied with the terms and conditions for funding
3. the beneficiary has not informed the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding
4. the funding has not been used in compliance with the funding decision
5. the beneficiary has refused to assist in the project audit
6. the beneficiary has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
7. the beneficiary has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to reorganisation proceedings
8. the beneficiary or his representative has been convicted or sanctioned in accordance with section 22 of the Act on the amendment of state subsidies
9. the claw-back of funding is required under European Union legislation
10. the beneficiary otherwise acts in a manner comparable to the matters in this section.



# 17 Claw-back of funding (3)

## 17.3 Interest

- The beneficiary must pay interest on the amount to be repaid or clawed back.
- The interest is applied from the date of payment. It is calculated as an annual interest to which three percentage points are added. The annual interest is determined in accordance with section 3(2) of the Interest Act (633/1982).

## 17.4 Penalty interest

- If the beneficiary has not paid the amount to be repaid by the due date set by the Innovation Funding Agency, an annual penalty interest must be paid on the amount.
- For the period after the due date, the penalty interest is in accordance with the interest rate referred to in section 4(1) of the Interest Act (633/1982).



## 17 Claw-back of funding (4)

### 17.5 Moderation of grant claw-back

- Innovation Funding Agency may decide that a part of the sum to be repaid or clawed back, and any interest or penalty interest on it, will not be clawed back if repayment full is unreasonable in light of the financial standing and circumstances of the beneficiary or in relation to the type of type of property acquired with the grant or in relation to the procedure on which the claw-back is based or because of a change in circumstances.
- On extremely weighty grounds, the Funder may decide not to collect the sum to be repaid or clawed back and the interest or penalty interest on it at all.

### 17.6 Claw-back time limitation

- The funding and interest or penalty interest on it will not be clawed back if ten years have elapsed from the payment of the final instalment of funding for the project.



## 18 The Funder's right of offsetting

- The funding to be repaid or clawed back and the interest on it may be deducted from the other funding provided to the beneficiary.



## 19 Misuse

- If, during the course of the project, there is reason to suspect that the beneficiary or a person acting on the beneficiary's behalf has committed a criminal offence under the Criminal Code (19 December 1889), with the Funder as the injured party, the Funder will take the required action in the matter.



## 20 Order of application

In the event of a conflict between the funding decision and appendices to it, the following order of application will apply:

1. Funding decision and any special terms and conditions thereof
2. Funding terms and conditions
3. Cost estimate
4. Project plan
5. Funding application and the appendices to it
6. Any other documents relevant to the funding decision



## 21 Scope of application and legal basis

- Annual state budget
- Act on Discretionary Government Transfers (688/2001)
- Act amending the Act on Discretionary Government Transfers (2018)
- Government Decree on Funding for Research, Development and Innovation Activities (1444/2014), Chapters 1 and 2
- Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (Official Journal of the European Union L352, 24 December 2013, page 1)
- Act on the Client Information System of Enterprise Services (293/2017)
  
- This English translation of the terms and conditions is provided for guidance only. Business Finland shall not guarantee the accuracy of the translated text. For interpretation purposes, the Finnish-language version shall apply.

