

General terms and conditions for de minimis aid**Table of contents**

1	Scope of application and publicity of the funding decision	2
2	Monitoring of costs	2
3	Eligible costs	2
3.1	Principles	2
3.2	Procurement procedures	3
3.3	Wages and salaries	3
3.4	Indirect personnel costs	4
3.5	Purchased services.....	4
3.6	Other costs.....	4
3.7	Ineligible costs	4
4	Other public funding	5
5	Reporting.....	5
6	Auditor's report.....	5
7	Payment of funding	5
8	Reporting after the completion of the project.....	6
9	Changes to a project.....	6
10	Project transfer, IPR, approving corporate reorganisation	6
11	Monitoring by the authorities.....	6
12	Discontinuation of payments.....	7
13	Repayment of funding	7
14	Claw-back of funding	7
14.1	Statutory claw-back.....	7
14.2	Discretionary claw-back.....	7
14.3	Interest.....	8
14.4	Penalty interest	8
14.5	Moderation of grant claw-back.....	8
14.6	Claw-back time limitation	8
15	Tekes' right of offsetting	8
16	Misuse.....	8
17	Order of application.....	8

1 Scope of application and publicity of the funding decision

These terms and conditions apply to de minimis aid (hereinafter "funding") granted by Tekes under the annual state budget, Act on Discretionary Government Transfers (688/2001), the Government Decree on Research, Development and Innovation Funding (1444/2014) and 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, L 352, 24 December 2013, page 1).

These terms and conditions have been issued under section 11(4) of the Act on Discretionary Government Transfers.

The name of the recipient, Business ID, size, sector, region, funding type, day of granting and the amount of funding granted and paid are public information after the approval of the funding decision. When the recipient disseminates information about the project or its results, it must disclose that Tekes has provided funding for the project.

Under the Act on the Client Information System of Enterprise Services (1039/2010), the Ministry of Employment and the Economy, Finnvera, Tekes, ELY Centres and TE Offices may exchange client information relating to a recipient.

Tekes 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. Tekes may, notwithstanding confidentiality provisions relating to business and trade secrets, contact these authorities and funding bodies in order to obtain or provide information associated with the recipient and this project. By signing the acceptance notification (Y1), the recipient agrees to the exchange of information referred to above.

The recipient must submit the annual accounts and the auditing statements to the Finnish Patent and Registration Office as laid down in the law.

2 Monitoring of costs

The recipient must arrange its accounting so that the costs for project-related wages and salaries and services purchased for the project can be itemised and their connection with the accounting and cost statement can be verified.

Monitoring of the working hours allocated to the project must be in accordance with section 3.3.

3 Eligible costs

3.1 Principles

The following costs are considered eligible costs: research, development and innovation expenditure that

- has arisen from the project during the duration of the project
- have been entered in the accounts of the recipient
- are in net amount and VAT-exempt.

The costs can be accepted with VAT if the recipient is not liable to pay VAT. The costs for which VAT is payable may also be declared if they are connected with VAT-exempt operations and the VAT is payable by the recipient.

Expenditure allocated to the project relating to an order placed before the commencement of a project phase is eligible only when the order can be cancelled if the project does not begin.

Wages, salaries and purchased services must be fully paid when they are reported to Tekes. The costs must be based on corresponding expenditure payment records. This does not apply to calculatory costs allocated to the project.

The recipient must, on request, provide the information and documents requested as part of the project cost monitoring. These may include copies of receipts, invoice itemisations and the selection criteria for purchased services.

The cost-category-specific amounts given in the cost estimate appended to the funding decision determine the maximum amount of individual eligible cost categories. Tekes has the right not to accept costs presented by the recipient if their relevance to the project is not clearly substantiated or they are too large in view of the project results.

Tekes may, at its discretion, accept certain cost statement categories according to an accounting practice that is based on unit costs calculated using the recipient's own expenditure records. The use of this method must be agreed on a project-specific basis.

Tekes or a party authorised by Tekes has the right to audit the reliability of the accounting system. Tekes may also require that an independent auditor issues a statement on the reliability of the accounting systems.

3.2 Procurement procedures

When the recipient is a public procurement unit or the funding provided by Tekes or other public funding covers more than 50 per cent of the project costs, the recipient must observe the provisions of the Act on Public Contracts (348/2007). A competitive bidding process for public procurement must be carried out if the total value (excluding VAT) of the purchase is at least EUR 30,000. If a statutory competitive bidding has not taken place, the aid may not cover more than 50 per cent of the purchase.

If the contracting authority has concluded the contract in violation of the procurement provisions, the procurement price is not an eligible cost.

The recipient must prove that competitive bidding has taken place by attaching a copy of the contract notice published in HILMA (hankintailmoitukset.fi) to the cost statement or by giving the reasons for applying the direct award procedure.

3.3 Wages and salaries

a) Working time monitoring

Each person working for the project must record the time that he/she allocates to the project on an hourly basis.

- Persons that do not come under the Working Hours Act or that do not have any specific working hours, must keep records of the hours worked and the total working time.
- The project-related working hours must be allocated to the days on which the work has been done.
- The accountable project leader or the employee's supervisor must approve the working hours at least on a monthly basis. The approval must be entered in the monitoring system.

Tekes has the right not to accept the wages and salaries in whole or in part if the monitoring of the working time has not been in accordance with the above terms and conditions.

The material related to working time monitoring, hourly monitoring reports and verified monthly summaries must be kept for a period of five years after the payment of the last project funding instalment.

b) Declared wages and salaries

The recipient may only declare the proportion of a person's wages/salary that correspond to the total working hours allocated to the project and that is based on the monitoring of the working time.

Wages and salaries subject to withholding tax and paid for effective working hours (maximum of 11 months/year/person) of persons, who have contributed to the project, are deemed eligible costs (wage/salary specification template Y4).

Effective working hours do not include absences on full pay, such as annual holidays, or the time spent on sick leave or maternity, parental or paternity leave.

The amount of wages and salaries declared to Tekes

- may not substantially differ from what has been paid to the person in question for corresponding work before the project
- must correspond to the compensation paid to the person by the recipient for other work during the project.

Tekes may, at its discretion, accept the payment of a reasonable salary to a person working for the project who has not been paid any salary for any work before the project.

Tekes will not accept any salary components that are paid to a person on the condition that funding for the salary component is provided by Tekes or other funding bodies.

The recipient must notify Tekes if performance-related or other similar exceptional salary components are included in the salaries reported to Tekes. Tekes may, at its discretion, approve them if they are an established and important part of the recipient's wage/salary payment regime. The recipient must always submit the details of the total amount of the exceptional components, the payment criteria and the period for which the components are paid so that the proportion allocated to the project can be determined.

If the remuneration paid is classified as trade income and not as wages or salary, the recipient must declare it under "Purchased services" in the cost statement.

The salaries of the recipient's managerial and administrative personnel can in most cases be classified as overheads. Such wages and salaries may, on a case-by-case basis, be recognised as direct costs, if the work carried out is directly allocated to the project.

In the funding intended for the planning of global growth, Tekes may set a maximum euro limit on the monthly salaries of owner-managed companies. Salaries that exceed this sum may not be declared as project costs.

The recipient must enter on the wage/salary specification template any wages and salaries of persons coming to Finland or working outside Finland that are declared as project costs.

3.4 Indirect personnel costs

A percentage of the wages and salaries paid for effective working hours and approved for a project that is laid out in the project cost estimate (max. 50%) can be recognised as indirect personnel costs.

Indirect personnel costs include

- holiday pay, sick pay and holiday bonus
- social security costs
- other employment costs, such as recruitment costs, personnel training, fringe benefits, workwear and protective clothing.

Tekes has the right to verify all indirect personnel costs and provide the funding on the basis of actual indirect personnel costs when these remain under the level approved in the cost estimate. The indirect personnel costs must be calculated by means of the indirect personnel cost instrument available on the Tekes website.

Tekes has the right to intervene in the budgeted indirect personnel costs arising from employment relationships that are not subject to the same indirect personnel costs as conventional employment relationships. Such employment relationships may apply to persons who do not come under the Working Hours Act (shareholders in leading positions), persons entering Finland or persons working outside Finland. For persons that do not receive any holiday pay, a total of 30 per cent of all declared wages and salaries are accepted as indirect personnel costs.

3.5 Purchased services

Services purchased from external suppliers may be approved as invoiced and as laid out in the project plan.

The following costs can be included in the purchased services

- audit of the project costs
- data acquisition
- license purchases, excluding software licences
- application for intellectual property rights for SMEs¹

Software licenses are included in other costs.

Services purchased from within the group are eligible as invoiced. Services that are purchased from foreign companies in the same group must be specified in the special terms and conditions of the funding decision.

Costs arising from services purchased from other associated companies are not eligible costs. Companies are considered each other's associated companies if at least 20 per cent of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company. Tekes 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.

Purchased services must be itemised under section "Resources and cooperation" of the report but must be declared as a single unit.

3.6 Other costs

Other costs include overhead, travel, material and equipment costs, as well as purchase of machinery and equipment, machinery and equipment depreciations and rental costs (incl. cloud services). With respect to these costs, Tekes approves a maximum of 20 per cent of combined wages and salaries and purchased services. These costs need not be reported to Tekes, nor do they need to be included in the recipient's project accounting.

3.7 Ineligible costs

Ineligible costs include

- export activities (running costs directly connected with exports and the establishment and operations of the distribution network and other export activities)
- entertainment expenses, donations, stipends or grants
- costs related to production, advertising, marketing or sales, such as travel, brochures or advertising expenses

¹ A large company refers to a company that is not considered an SME in Article 2 of Annex I of the Commission regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the European Union, L 187, 26 June 2014, p. 1).

- trade fair costs (excluding trade fair support)
- financing costs
- costs pertaining to intellectual property rights of large companies
- the recipient's funding share for a project implemented in a research organisation
- costs for which public funding that may not be combined with other types of public funding is allocated (for example, the payroll costs of a person who has received a startup grant for the same period)
- payroll costs for which a pay subsidy has been received
- services containing other public funding
- services purchased from other associated companies than those belonging to the same Group
- costs that are not included in the project plan.

4 Other public funding

The recipient must give the details of all other public funding for a project in the cost statement (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 Tekes and other public funding may not exceed 75 per cent the eligible costs. If necessary, Tekes will reduce its own contribution to ensure that the maximum amount is not exceeded.

5 Reporting

The accountable project leader must submit reports on the project's progress using Tekes online service. The costs allocated to the project must also be declared online.

A wage/salary specification (Y4) must be appended to the cost statement submitted online. An auditing statement must also be submitted as part of the final cost statement (see section 6).

The recipient must declare all project costs in the final cost statement at the latest. If the maximum amounts for each cost category laid out in the cost estimate are substantially exceeded, the recipient must apply for a change to the cost estimate (see section 9). No new project costs can be presented after the approval of the final report.

Costs that have been preliminarily accepted on the basis of the interim report must be processed again as part of the final report. Tekes will only give its final approval to the costs after it has received the auditing statement.

6 Auditor's report

The recipient must submit an auditor's report prepared by an independent auditor as part of the final cost statement. The auditor's report must cover the entire project period. A reporting template is available on Tekes website.

The auditor must give special consideration to ensuring that project accounting, the monitoring of working time and the integrity of the traceability chain are in accordance with these terms and conditions.

The auditor does not need to review the content of the other costs detailed in section 3.6 or give an opinion on approved other costs.

The costs arising from the auditor's report produced by the project auditor can be accepted as direct project costs. The recipient must provide Tekes with a copy of the audit invoice and payment receipt/copy of the bank statement as part of the final cost statement.

Tekes has the right to deliver the auditor's report to other authorities for the purposes of funding supervision.

7 Payment of funding

Tekes will provide the funding on the basis of approved reports and cost statements. However, the first funding instalment can be paid in advance.

The funding will be deposited into the bank account indicated by the recipient in the acceptance notification. The notification must be signed by a person authorised to sign for the company.

At least 10 per cent of the funding granted for the project will only be paid after the approval of the final report provided that the project has accumulated an adequate amount of eligible costs.

The recipient must apply for the final funding instalment from Tekes when it submits the final project report and final cost statement. Any funding that the recipient applies for after that will not be granted.

Entitlement to the granted funding or part of it will lapse if the recipient does not submit the requested reports or further information by the due date specified in the funding decision or separately notified by Tekes. Furthermore, Tekes will recover any funding already paid, with interest.

Tekes has the right to withhold funding in connection with the interim report if the sum to be paid is too small when compared with the total funding.

8 Reporting after the completion of the project

Tekes will continue to evaluate the impact of the projects after their completion. If necessary, the recipient must report on project results for five years after the completion of the project.

The recipient must, on request, provide the details of the realisation of the plans and forecasts that it had presented during the processing of the application and the implementation of the project. Tekes may request a report on how the business targeted in the project has developed.

Tekes must have the opportunity to audit the recipient's annual accounts and auditing statements kept in the Finnish Patent and Registration Office for five accounting periods following the completion of the project. Tekes has the right to commission an analysis of the recipient's annual accounts from another public funding agency.

9 Changes to a project

The recipient must submit an application to Tekes in advance if the project deviates from the original project plan in the following aspects:

- significant changes to the project plan
- changes to the schedule
- changes to a report deadline
- appointment of a new accountable project leader, or
- changes to bank details.

The recipient must notify Tekes immediately of other significant changes to the project, for example if there are changes to key personnel resources.

The application can be submitted on the project change template available on Tekes website. Send the application via the following secure connection: <https://asointi.tekes.fi/suojaposti>.

10 Project transfer, IPR, approving corporate reorganisation

As a general rule, a funding decision may not be transferred to a third party.

The recipient must ensure that the ownership, title and intellectual property rights to the results generated in the project belong to the recipient in accordance with the law or under a separate agreement. If the recipient uses intellectual property rights belonging to third parties (incl. employees and owners) in the project, the recipient must ensure that it possesses adequate rights for using these intellectual property rights in the research and development work carried out in accordance with the project plan and in business.

The recipient must notify Tekes in advance if, during the project or within five years of payment of the final funding instalment, it

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

Prior consent of Tekes 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.

Tekes may give its approval if the targeted project impacts can, for the most part, be achieved in spite of the changes.

Tekes has the right to claw back the funding under section 14 of these general terms and conditions if the recipient acts in violation of the provisions laid down in this section.

11 Monitoring by the authorities

The recipient must provide Tekes with correct and adequate information so that Tekes can monitor adherence to the terms and conditions of the funding decision and the implementation of the project.

Tekes, the National Audit Office, the European Commission and the European Court of Auditors have the right to audit the finances and operations of the recipient as required by the payment of the funding and supervision of its use.

The audits can be performed by other authorities or auditors authorised by Tekes to carry out the task. An external auditor may, at Tekes' request, assist in the performance of the audit.

The right to audit will remain in force for five years from the payment of the final project instalment. All project documentation and other material necessary for the supervision and audit must be kept for the same minimum period.

The recipient must assist in the audit and provide the auditor with the necessary information free of charge.

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 immediately 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 recipient. This applies to the business, storage and other similar premises used for practicing a profession or a business and other areas that are relevant to the granting of the funding and the supervision of its use. Audits may not be carried out in premises covered by domestic peace.

12 Discontinuation of payments

Tekes may order the interruption of the payment of the funding on following grounds:

1. Tekes has reasons to suspect that the recipient does not provide Tekes with correct or adequate information or the information that has been requested 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 recipient deviates from the project plan without a written authorisation granted by Tekes
 - b. there is a substantial deterioration in the recipient's financial position in relation to the anticipated trend
 - c. the company loses its equity
 - d. the company seeks corporate reorganisation
 - e. the company accumulates tax debts
 - f. the company has failed to observe the repayment obligations concerning the loans granted by Tekes
3. payment of the 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, Tekes has the right to discontinue the funding and to claw back the funding already provided in whole or in part.

13 Repayment of funding

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

14 Claw-back of funding

14.1 Statutory claw-back

Tekes will issue a decision ordering the discontinuation of the payment of funding and the claw-back of the funding already paid if the recipient has

1. failed to repay funding or part thereof that must be repaid under section 13 of these general terms and conditions
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.

14.2 Discretionary claw-back

Tekes 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 Tekes has not been provided by a specific date
2. the funding has not been used in compliance with the funding decision
3. the recipient has refused to assist in the project audit
4. the recipient has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
5. the recipient has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to corporate reorganisation
6. the claw-back of funding is required under European Union legislation
7. the recipient otherwise acts in a manner comparable to the matters in this section.

14.3 Interest

The recipient must pay interest on the amount to be repaid or clawed back.

The interest is applied from the date on which the funding was paid. 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).

14.4 Penalty interest

If the recipient has not paid the amount to be repaid by the due date set by Tekes, 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).

14.5 Moderation of grant claw-back

Tekes 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 in full is unreasonable in light of the financial standing and circumstances of the recipient or in relation to the 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.

For an extremely pressing cause, Tekes may decide not to collect the sum to be repaid or clawed back and the interest or penalty interest on it at all.

14.6 Claw-back time limitation

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

15 Tekes' right of offsetting

The grant to be repaid or clawed back and the interest on it may be deducted from the other grants paid to the recipient.

16 Misuse

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

17 Order of application

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

- | | |
|--|--|
| 1) the funding decision and any special terms and conditions thereof | 5) the funding application and the appendices to it |
| 2) these general terms and conditions | 6) any other documents relevant to the funding decision. |
| 3) the cost estimate | |
| 4) the project plan | |

Disclaimer

This English translation of these general terms and conditions is provided for guidance only. Tekes shall not guarantee the accuracy of the translated text. For interpretation purposes, the Finnish-language version shall apply.

Appendices Funding decision acceptance notification (Y1)