

General terms and conditions for incentive for audiovisual productions

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	2
3.3	Wages and salaries	3
3.4	Indirect personnel costs	3
3.5	Purchases	3
3.6	Other costs	4
4	Other public funding	4
5	Accountable project leader	4
6	Production coordinator	4
7	Reporting	4
8	Auditor’s report	4
9	Payment of funding	5
10	Follow-up reporting	5
11	Changes in the project	5
12	Project transfer and corporate reorganisation	5
13	Monitoring by the authorities	5
14	Discontinuation of payments	6
15	Return of funding	6
16	Clawed-back funding	6
16.1	Statutory claw-back	6
16.2	Discretionary claw-back	6
16.3	Interest	7
16.4	Penalty interest	7
16.5	Moderation of funding claw-back	7
16.6	Claw-back time limitation	7
17	Tekes’ right of offsetting	7
18	Misuse	7
19	Order of application	7

1 Scope of application and publicity of the funding decision

This incentive (hereinafter: "funding") has been granted by Tekes on the basis of the annual state budget and under the Act on Discretionary Government Transfers (688/2001), the Act on General Conditions for Aid Granted to Economic Activities (429/2016), and the Government Decree on Incentive for Audiovisual Productions (1547/2016).

The funding granted under this decision is state aid authorised pursuant to the general block exemption regulation (Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty; OJ L187 26 June 2014, p. 1).

The following funding-related information will be public: the recipient's name, business ID, size, sector, region, form of financing, granting date, the amount of funding granted and the amount paid.

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 Economic Affairs and Employment, 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 Tax Administration, municipalities, banks, capital investors, Finpro, Sitra and the Finnish Film Foundation) 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 appended to the funding decision, the recipient agrees to the exchange of information referred to above.

A recipient with operations in Finland must submit their financial statements, including appendices, to the Finnish Patent and Registration Office, as laid down by law.

2 Monitoring of costs

The recipient, and the production coordinator, if any, must arrange accounting so as to facilitate itemisation of the costs arising from the production and verification of their connection to accounting and the cost statement.

3 Eligible costs

3.1 Principles

Eligible costs include costs directly incurred from the production of an audiovisual work, including pre- and post-production, in Finland. Costs incurred in Finland from actions taken to make the work more accessible to disabled persons are also eligible.

Costs that are not directly related to the production, such as marketing and distribution costs, financing costs and the cost of legal services, are not eligible costs.

The costs must be

- fully paid for before the auditor checks them and they are declared to Tekes
- arisen from the production in Finland during the duration of the production
- entered in the accounts of the recipient or the production coordinator
- in the net amount and VAT exempt.

Funding can only be granted for activities that are implemented after submitting a funding application.

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.

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 estimate appended to the funding decision in Finland determines the production's maximum amount of individual eligible costs. Tekes has the right not to accept costs presented by the recipient if their relevance to the production is not clearly substantiated.

3.2 Procurement procedures

If the recipient is a public procurement unit or the company has received funding from Tekes or other public funding that covers more than 50 % of the procurement, the recipient must comply with the Act on Public Contracts. The procurement must be subject to tendering as a public contract when its estimated total value, exclusive of VAT, exceeds the value that has been set in the law.

If a public procurement unit has made a procurement in violation of the procurement provisions, the procurement price is not an eligible project 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 providing justification for applying the direct award procedure.

3.3 Wages and salaries

The wages and salaries paid to employees paying taxes to Finland for work done in Finland are subject to approval by Tekes.

These include the wages and salaries subject to withholding tax and the compensations for the transfer of rights for persons who participated in the production.

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. Transferable utilization rights (compensation for presentation rights) are also declared under "Purchased services".

3.4 Indirect personnel costs

A maximum of 30 per cent of the wages and salaries paid, which have been approved for the project, will be accepted as indirect personnel costs.

Indirect personnel costs include

- social security costs
- other labour costs, including normal staff training and fringe benefits.

3.5 Purchases

Services purchased from third parties can be accepted in accordance with the plan and invoicing.

Eligible costs include any costs incurred in Finland from the purchase of goods and services, transport costs and accommodation costs, and the cost of facilities and equipment leased for production purposes, from companies paying taxes to Finland. Other leasing-related expenditure (administrative, financial and other comparable expenditure) is not considered eligible costs. If the abovementioned expenditure cannot be itemised, a maximum of 50 per cent of the total expenditure incurred to the project from a lease agreement can be accepted as project costs.

The acquisition cost of PCs, mobile phones and other equipment included in the overhead cannot be included in purchases.

The costs arising from auditing the project costs can be included in the purchased services.

Purchased services are itemised in an appendix of specified form, available on Tekes' website.

Purchases from other companies in the same group and associated companies

Definition of an associated company

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.

General principles

Group companies and associated companies must also observe these general terms and conditions. The recipient must ensure that the group companies and associated companies arrange project accounting and working time monitoring in a manner that is in accordance with these terms and conditions.

The group companies and associated companies must provide the recipient with an invoice for the services purchased for the project. Tekes may accept costs that the recipient has paid and that the seller has incurred by providing the service. Group-internal administrative costs and items paid as administrative fees are not eligible project costs.

Tekes will accept the paid purchased services without profit. In order to demonstrate the non-profit nature of the services, the group companies and associated companies must provide Tekes with a separate cost specification of the costs arising from the project.

The recipient must submit the cost specification of the group companies and associated companies and, as part of the each report, an auditor's report detailing the costs of the group company. The auditor's report must be on a template provided by Tekes. The auditor's report must be prepared by an independent auditor. The report template is available on Tekes website. Tekes may in

exceptional cases accept purchased services without a separate cost breakdown even from associated or group companies.

In addition to direct project costs, indirect personnel costs and overheads connected with wages and salaries are also eligible costs. A maximum of 30 per cent of the wages and salaries allocated to the project are accepted as indirect personnel costs (see section 3.4). Other costs may be accepted, at the maximum, 20 per cent of the total of wages and salaries and purchases.

3.6 Other costs

The maximum amount of other costs accepted by Tekes is 20 per cent of the eligible costs referred to in sections 3.3 and 3.5. Other costs include, for example, travel expenses, overhead and the producer's fee. These costs need not be reported to Tekes, nor do they need to be included in the recipient's project accounting.

4 Other public funding

Details of all other public funding (from the state, municipalities and other public organisations or foundations) must be provided in the cost statement. Funding granted by the European Union must also be reported.

The combined total amount of funding that the project receives from Tekes and other public funding may not exceed the project's maximum limit for public funding. If necessary, Tekes will reduce its own contribution to ensure that the maximum amount is not exceeded.

5 Accountable project leader

The recipient must appoint an accountable project leader that is in an employment relationship with the recipient.

The task of the accountable project leader is to supervise the implementation of the production specified in the Tekes funding decision. The accountable project leader must ensure that the project is appropriately managed.

6 Production coordinator

If the recipient is a foreign company, Tekes requires that the recipient concludes a written service contract with a production coordinator who has a Finnish business ID. The contract must include a clause that obliges the production coordinator to keep a record of the production costs for project accounting purposes (cost specification of specified form) and to prepare an auditor's report of the actual costs (section 8).

The production coordinator hires employees, acquires services for the recipient, and pays wages and salaries and the invoices of service providers. The coordinator charges the recipient for the paid wages and salaries, invoices and the coordinator's own fee. The coordinator prepares and maintains a cost specification, as instructed by Tekes. The recipient and the production coordinator agree on the terms of payment and payment schedules. Tekes will not provide the funding if the cost specification and auditor's report are not submitted to Tekes within the specified time frame.

7 Reporting

The recipient's accountable project leader reports on the project's progress using Tekes' online service. The costs allocated to the project are also declared online. A cost specification and an auditor's report must be appended to the cost statement submitted online.

If the recipient is a foreign company, the recipient is required to authorize the production coordinator to declare the costs using Tekes' online service. The production coordinator submits the invoice for the coordinator's own services, the cost specification and the auditor's report to the recipient. The recipient reports the costs to Tekes using the online service.

The recipient must report all project-related costs, at the latest, in conjunction with the final accounting statement. 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 11). No new project costs can be presented after the approval of the final report.

8 Auditor's report

As part of each cost statement, the recipient must submit an auditor's report on all the production costs incurred in Finland, prepared by an independent Finnish auditor.

If the recipient is a foreign company, the auditor prepares an auditor's report on the costs paid by the production coordinator and the payments made to the coordinator by the recipient. The production coordinator submits the auditor's report to the recipient, who then delivers it, appended to the cost statement, to Tekes.

A report template of specified form is available on Tekes' website.

The costs arising from the auditor's report prepared by the project auditor can be accepted as direct project costs. If the costs arising from auditing are not included in the cost specification, a copy of the related audit invoice and payment receipt/copy of the bank statement must be submitted to Tekes.

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

9 Payment of funding

Tekes will provide the funding on the basis of approved reports and cost statements.

Funding will be deposited into the bank account indicated by the recipient in the acceptance notification. The notification must be signed by a person with authority to sign for the organisation.

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

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 either specified in the funding decision or issued separately by Tekes. Furthermore, Tekes will recover any funding already provided, with interest.

Funding will not be provided if the production does not reach the following minimum spend requirements.

	A long drama film	A documentary	Serial fiction and animation
Minimum spend in Finland	150,000	50,000	250,000
Minimum total budget for the production	2,500,000	325,000	EUR 5,500/minute

10 Follow-up reporting

Tekes monitors the impact of funding. At the request of Tekes, the recipient must report on services relating to the use of the disbursement for three years after the completion of the project.

11 Changes in the project

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

- significant changes to the plan
- significant changes to the division of rights
- changes to the cost categories
- changes to the schedule
- changing the reporting date
- changing the accountable project leader
- changes to the bank details.

The recipient must notify Tekes immediately of any other significant changes, such as changes to the production's key personnel.

The application can be submitted by using the project change form available on Tekes' website.

12 Project transfer and corporate reorganisation

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

The recipient must notify Tekes in advance if it undertakes significant business changes or reorganisation activities (such as a merger, a division or significant changes in ownership) during the project.

13 Monitoring by the authorities

The recipient must provide Tekes with correct and adequate information so that Tekes can monitor compliance with 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 the implementation of the project.

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 ten 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 at least the same 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, stating 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 of relevance to granting the funding and supervising its use. Audits may not be carried out in domestic premises.

14 Discontinuation of payments

Tekes may order the payment of funding to be temporarily interrupted on the following grounds:

1. Tekes has reason to suspect that the recipient has not provided 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 in which
 - a. the recipient deviates from the production 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 frame specified in the decision to interrupt funding, Tekes has the right to discontinue the remission of funding and to claw back the funding already provided, in full or in part.

15 Return 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 returning of funding.

16 Clawed-back funding

16.1 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 return funding or part thereof that must be returned under section 15 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.

16.2 Discretionary claw-back

Tekes has the right to order the discontinuation of funding and the claw-back of funding or part thereof already provided 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 has been subjected 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.

16.3 Interest

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

The interest is applied from the date of payment of the funding. It is calculated as 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).

16.4 Penalty interest

If the recipient has not returned the amount of the claw-back 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).

16.5 Moderation of funding claw-back

Tekes may decide that a part of the sum to be returned or clawed back, and any interest or penalty interest on it, will not be clawed back if returning the sum 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 funding 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 returned or clawed back and the interest or penalty interest on it at all.

16.6 Claw-back time limitation

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

17 Tekes' right of offsetting

The funding to be returned or clawed back and the interest on it may be deducted from other funding provided to the recipient. The State Treasury has a comparable right of offsetting with regards to loans granted by Tekes.

18 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 of Finland (of 19 December 1889), with Tekes as the injured party, Tekes will take the required action on the matter.

19 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 production 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.