

**Funding for Young Innovative Companies (NIY) or  
Deep Tech Accelerator (DTA)**

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## **1 Funding decision and its terms and conditions**

The funding decision will 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 beneficiary's bank account number into which the funding will be deposited shall be indicated. The person approving this decision must be authorized to sign for the organization.

These funding terms and conditions apply to projects funded either by the Young Innovative Company (NIY) funding or the Deep Tech Accelerator (DTA) funding.

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 state aid that is permitted under Article 22 of the General Block Exemption Regulation (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, page 1).

These funding terms and conditions have been issued under section 11(4) of the Act on Discretionary Government Transfers and section 3 of the Act on State Lending and State Guarantees.

## **2 Publicity of the funding decision**

The following information will be public: the beneficiary's name, business ID, size, domicile, sector, register number of the funding decision, 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 Business Finland has provided funding for the project.

The Ministry of Economic Affairs and Employment, Finnvera, 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. By accepting the funding decision, the beneficiary agrees to the exchange of information.

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 beneficiary authorizes an accountable project leader who is in an employment relationship with the beneficiary or holds a position of responsibility in the company. A person banned from business cannot act as the responsible manager of the project.

The accountable leader monitors the implementation of the project referred to in the funding decision and is responsible for ensuring that

- project accounting has been arranged in accordance with these terms and conditions
- working time monitoring has been arranged in accordance with these terms and conditions
- the decision and related terms and conditions are reviewed with financial management/an accounting firm, and they have been sent to the auditor for information
- the project is implemented in accordance with the plan
- reported costs have been incurred by the project during the duration of the project
- the persons chosen to manage the matters pertaining to the project in the online service have access rights to the project.

### **4 Reporting**

The accountable project leader is responsible for reporting on the project.

An extract of the project-specific general ledger or other specification of costs as well as a salary specification (Y4) must be appended to the report. An auditor's report must also be submitted as part of the periodic and the final report. In periodically funded projects, the beneficiary must submit a project plan, a business plan, and financial information for the following phase at the end of the phase. The project plan for the next phase must be submitted at the latest with the reporting for the completed phase by the due date.

Upon request, the Funder must be provided with additional information if required for project monitoring. Additional information may include copies of receipts, invoice itemizations and the selection criteria for purchased services.

The beneficiary must report all project costs at the latest in the final report. No new project costs can be presented after the approval of the final report.

The costs that have been initially approved on the basis of the interim report will be reevaluated in connection with the final report. The Funder will only give its final approval to the costs after it has received the auditor's report.

If necessary, the project may be subjected to a cost audit of all expenses incurred in the project before the payment of the final installment. The cost audit does not replace the confirmation of costs appended to the report (an auditor's report or an assurance by the contact person for the cost statement) or revoke any other auditing rights.

### **5 Auditor's report**

At the end of each period, the beneficiary must submit an auditor's report prepared by an independent auditor for that period. The report template is available on the Business Finland's website.

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Reasonable costs arising from the auditor's report prepared by the project auditor can be accepted as direct project costs. If the billed and paid costs incurred by the audit are not included in the project costs confirmed by the auditor, copies of the invoice of the audit costs and receipt/bank statement must be submitted to the Funder.

The Funder has the right to deliver the auditor's report to other authorities for the purposes supervising funding.

## **6 Payment of funding**

The Funder will provide the funding on the basis of an approved report. The first instalment of a loan may be paid in advance.

A minimum of 10 per cent of the funding granted for the project will only be paid after the approval of the phase report. The final instalment of the phase will be paid if the project has accumulated an adequate amount of eligible costs.

Where the Funder has decided to fund an NIY project with a loan, the remaining grant phase may be extended so that the costs of the grant phase are met and the grant can be paid out. Similarly, if, during the grant phase, costs are incurred in excess of the estimate for the grant phase, the costs may be processed and possibly accepted for the subsequent loan phase.

The final instalment of a loan is 20 per cent of the principal of the loan granted by the Funder. It will not be paid until the final report has been approved and if the project has accumulated an adequate amount of eligible costs.

If the final report shows that, including the advance payments, the loan payments exceed the amount due for eligible costs, the beneficiary must return the excess amount.

The Funder also has the right to withhold payment of the full loan amount intended to cover the costs detailed in the interim report if the project costs do not accrue as planned.

The Funder 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.

The State Treasury is responsible for administering the loan and the related practical payment arrangements. In addition to these terms and conditions, the loan recipient must comply with the terms and conditions set out in the bond issued by the State Treasury.

The beneficiary must apply for the final funding instalment when they submit the final project report. Any funding that the beneficiary applies for after that will not be granted. The loan must be drawn at the State Treasury within six months of the date of the payment decision letter issued after the final report.

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. Innovation Funding Agency Business Finland may order any funding already provided to be repaid immediately, with interest.

## **7 Monitoring of costs and project accounting**

The beneficiary must arrange its accounting so that the costs arising from the project can be itemized and their connection with the accounting and the reported costs can be verified.

The working time monitoring forms a part of the project accounts.

Costs incurred from the auditor's report may be incurred and may be paid after the project has ended.

Project documents and other materials necessary for the supervision and auditing (including personal working time records with verifications, where required) must be kept for a minimum of 10 years after the payment of the last project funding instalment.

## **8 Working time monitoring**

The beneficiary may report salaries without working time monitoring if the beneficiary has only received NIY/DTA funding from Business Finland. If the beneficiary has simultaneously received other funding granted by Business Finland, every person working for both projects must record their working time on an hourly basis. Hours worked must be reported monthly for the days when the work was performed. Summary information on the working time monitoring must be submitted with the salary specification (Y4). The salary specification is entered on the row reserved for it in the online service. Due to the confidentiality of salary information, the attachment cannot be downloaded for viewing from the service like the other documents.

Persons to whom the Working Hours Act does not apply or who do not have their working hours specified in writing must keep records of both total number of hours worked on the project and total number of working hours. Such persons include, for example, the CEO and other managers as well as the shareholders.

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.

The Funder has the right to refuse approval of the salaries in whole or in part if the working time monitoring has not been in compliance with the above terms and conditions or cannot be regarded as reliable.

## **9 Eligibility of costs**

The costs are considered eligible if they

- have arisen from the project during the duration of the project (accrual basis)
- have been paid and entered in the accounts of the beneficiary
- are in net amount and VAT exempt.

The costs must be based on the corresponding expenditure payment records. This does not apply to computational costs allocated to the project. The expenses must be fully paid in money by the beneficiary when they are reported to the Funder. Procurements may not be paid by loans issued by the recipient of the payment. Invoice for work performed during the project may be paid after the project end date but before the costs are reported to the Funder.

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The project plan and cost estimate approved by the Funder form a part of the funding decision and serve as the basis for accepting the costs.

All costs based on the project plan must be reported to the Funder. Final approval of the costs for a project can only be given after the costs have been approved.

Costs incurred 8 years after the start of the company or after the start of the business defined in the early stages are not eligible for the project.

As a rule, to ensure the effectiveness of the funding, only procurements and work ordered or agreed upon in writing after submitting the funding application are approved for the project. However, if a procurement included in the project has been ordered before submitting the funding application, the relevant order or agreement must include a cancellation clause whereby the realization of the order or agreement is made contingent on the funding application being accepted. If there is no such cancellation clause, then such a procurement will not constitute an acceptable cost.

Costs will be approved ex VAT, unless the beneficiary is not liable to pay VAT. The costs on which VAT is payable may also be reported if they are connected with VAT-exempt operations and the VAT will be payable by the beneficiary.

The Funder may, at its discretion, accept certain cost statement categories according to a practice that is based on the unit costs derived from the beneficiary's expenditure records and generated by the beneficiary's cost accounting system. The use of this must be agreed on a project-specific basis.

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

## **10 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 the total value of the procurement is at least 60,000 euros. 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.

Business Finland grants are always public aid in their entirety, but loan financing, on the other hand, is public aid only for the part of the interest-rate subsidy specified in the funding decision.

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.

## **11 Declared salaries**

The Funder may accept all planned salaries subject to withholding tax as eligible costs. Performance-related pay and other similar items may also be declared if they are an established part of the beneficiary's salary payment regime. The Funder will compare each person's declared overall salary to the information in the Incomes Register. As a public authority, Business Finland receives its information from the Incomes Register.

If the beneficiary also receives other Business Finland funding, it may only declare the proportion of a person's salary that corresponds to the effective working hours allocated to the project and that is based on the working time monitoring.

The amount of salaries reported to the Funder

- may not substantially differ from what has been paid to the person in question for work of a corresponding level, either before the project or immediately after it
- must correspond to the compensation paid to the person by the beneficiary for other work during the project.

The Funder 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.

The Funder will not accept any salary components that are paid to a person on the condition that funding for the pay component is received from the Funder or other funding bodies.

If the compensation paid is classified as trade income and not as salary, the beneficiary must report it under Purchased services.

The beneficiary must report any project-related salaries paid to persons coming from abroad to work in Finland or persons working abroad. The information is entered in the salary specification form.

## **12 Indirect personnel costs**

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

Indirect personnel costs include

- social security costs
- other employment costs, such as personnel training, fringe benefits, workwear and protective clothing.

The Funder has the right to verify all indirect personnel costs and pay the funding on the basis of actual indirect personnel costs when these remain under the level approved in the cost estimate. Indirect personnel costs must be calculated on request using a spreadsheet available on the Business Finland website.

## **13 Purchased services**

Purchases may include all costs incurred by the recipient as a result of the project and the costs accruing in the recipient's office outside Finland, in accordance with the approved plan and invoicing.

The costs of rental equivalent to the cost of fixed assets that have arisen during the duration of the project are eligible up to the value of equivalent purchase costs. Other rental costs, such as administration, financing, insurance, repair, and other equivalent costs, are not eligible costs. If the above costs cannot be itemized, a maximum of 50 per cent of the total rental cost to the project are eligible as project costs.

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Purchases are reported either in the line Purchases from the European Single Market or Purchases from outside the European Single Market. The European Single Market means the area comprising the European Economic Area and the Swiss Confederation.

## **14 Purchases from other companies in the same group and associated companies**

### **14.1 Purchases from other companies in the same group**

Purchases from a group company can be accepted if there is reference to them in the special terms and conditions of the funding decision. Purchased services may account for a maximum of 50 per cent of the eligible project costs.

The group company must observe these terms and conditions. The beneficiary must ensure that the group company arranges the project accounting and working time monitoring in a manner that is in accordance with these terms and conditions.

The group company must provide the beneficiary with an invoice for the services purchased for the project. The Funder may accept costs that the beneficiary 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.

The Funder will accept the paid purchased services without profit. In order to demonstrate the non-profit nature of the services, the group company must provide the Funder with a separate cost statement of the costs arising from the project.

The costs must be declared on the cost statement template Y3, salary specification template Y4 and the accountable project leader statement Y5. The accountable project leader statement must be signed by the person authorized to sign for the group company. The templates are available on the Business Finland's website.

The beneficiary must submit the cost statements of the group companies and, as part of the final report, an auditor's report detailing the costs of the group company. An independent auditor prepares the auditor's report on a template provided by the Funder. The report template is available on Business Finland's website.

A maximum of 30 per cent of the eligible salaries can be accepted as indirect personnel costs.

### **14.2 Purchases from foreign group companies**

Direct project costs are accepted as eligible costs. Indirect personnel costs are not accepted as eligible costs. Exchange rates on the date of payment are applied to invoices submitted in a foreign currency.

Foreign group companies must submit the cost statements and auditor's reports prepared by independent auditors. The auditor's report, which must be on a template provided by the Funder may be in Finnish, Swedish or English. The templates are available on the Business Finland's website.

### **14.3 Purchases from other associated companies**

Services purchased from other associated companies are not eligible costs.



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**Business Finland's definition of an associated company**

Companies (here referring to all legal persons) are each other's associated companies if another company or person exercises control over another company or can influence its choice of procurement sources.

Companies are considered each other's associated companies if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company. Companies are considered each other's associated companies also if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the same individual.

The Funder also considers direct or indirect ownership to exist on the basis of the following criteria when the individuals serve in the following roles or positions under the beneficiary or an associated company:

- members or alternate members of a company's Board of Directors
- responsible persons within the company
- employees of the company
- creditors or guarantors of the company
- family members: an applicant's spouse or a cohabiting partner, the applicant's or their spouse's/partner's children
- close relatives, such as a grandchildren, siblings, parents, grandparents, or corresponding half-relatives.

**15 Ineligible costs**

- export activities, i.e., running costs directly related to export volumes, the establishing and the operations of a distribution network or any other export activities are not accepted
- voluntary insurance policies, financing costs and expenditures arising from donations and stipends
- the beneficiary's funding share for a project implemented in a research organization or other organization
- any financing, administration, insurance, repair, maintenance, or equivalent costs arising from acquisitions financed through a part payment agreement
- costs that are not essential and/or reasonable for achieving the objectives set in the funding decision
- other costs that are not included in the project plan
- 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

**16 Other public funding**

The reports must specify all other public funding granted for the project by the state, municipalities and other public entities or bodies or foundations governed by public law. Funding granted by the European Union must also be reported.

The beneficiary may receive other public funding at the same time only for the costs for which it does not receive NIY/DTA funding. Where the beneficiary receives other public funding which does not have identifiable eligible costs, the other public funding is taken into account when determining the maximum amount of NIY/DTA funding. If necessary, the Funder will reduce its funding so that

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the maximum amount is not exceeded.

## **17 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 realization of the project. Upon request, the Funder must be provided with a report on how the business targeted in the project has 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.

The Funder has the right to commission an analysis of the beneficiary's annual accounts from another public funding agency.

## **18 Changes to the project**

The beneficiary must obtain the Funder's consent for project changes. Consent must be sought from the Funder in writing in advance / before the change if the project's progress deviates from the plan:

- 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.

A positive amendment decision can only be made if the beneficiary has fulfilled their registration, declaration, and payment obligations in relation to taxes or other legal obligations.

A change in the beneficiary's bank account is reported using form Y1 available on the website.

## **19 Project ownership and intellectual property (IPR)**

The beneficiary must ensure that it holds the ownership and intellectual property rights in the items used and results generated in the project, either pursuant to legislation (e.g., Copyright Act, Act on the Right in Employee Inventions) or by separate agreement.

If the beneficiary uses intellectual property rights owned by a third party (including employees and owners) in the project, it 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.

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## **20 Reassignment and approval of corporate reorganization**

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

The beneficiary must notify the Funder in advance in the event that, during the project, within five years of payment of the final funding instalment or before the principal and interest on a loan have been settled in full, 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, licenses, or other rights generated in the project
- moves its business activities abroad, or
- undertakes other significant business changes or restructuring, including sale of a business or a share majority, merger, division, and significant personnel cutbacks directed at operations funded by the Funder.

Prior written 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 realization of the targeted project impacts, or that make it more difficult for the beneficiary to repay the loan.

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 Clawback of funding of these terms and conditions if the beneficiary violates against the provisions laid down in this section.

## **21 Amendments to lending terms**

In the event that the achievement of the beneficiary's business targets is significantly delayed due to barriers to market entry or if the innovative development work that the business is based upon proves to require more time than anticipated, the loan term may be extended to a maximum of ten years. The grace period may not exceed five years. The principal and interest of the loan may not be waived. The beneficiary must apply for the loan amendment before the loan is due.

Repayment of the loan principal and interest cannot, as a rule, be waived. If the loan decision has been made after 15 February 2018, the outstanding principal and interest on the loan can be waived in such a way that the combined funding for the project and the loan principal to be waived does not exceed EUR 800,000. Any waiver is subject to there not being any outstanding loan following a loan amendment and to the failure of the business pursued by the young innovative company. A waiver is always discretionary, however.

If the beneficiary has essentially neglected its loan repayment obligations the Funder may only make changes to the lending terms on extremely weighty grounds.

## **22 Beneficiary's disclosure obligation**

The beneficiary must provide the Funder with accurate and sufficient information for the payment of funding and for monitoring the 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.

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## 23 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 authorized by the Funder to carry out the task. An external expert may, at the Funder's request, assist in the performance of the audit.

Right of inspection will remain in effect for a period of ten years from the payment of the last project instalment. Project documents and other materials necessary for project monitoring and auditing must be stored for at least the same period of time.

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 practicing 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 domestic peace.

## 24 Discontinuation of payment

Innovation Funding Agency Business Finland may order the temporary discontinuation 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 authorization granted by the Funder
  - b) there is a substantial deterioration in the beneficiary's financial position in relation to the anticipated trend
  - c) the beneficiary loses its equity in full
  - d) the beneficiary initiates reorganization proceedings
  - e) the beneficiary neglects its registration, notification, or payment obligations related to taxes or other regulatory obligations
  - f) the beneficiary has outstanding debt to the State or the institutions of the European Union arising from their payment or recovery decisions or orders
  - g) the beneficiary has recovery decisions with which it has failed to comply
  - h) the beneficiary has failed to adhere to the repayment obligations concerning the loans granted by Business Finland.
3. The payment of funding must be discontinued under European Union legislation.

If the grounds for the discontinuation are not corrected within the time specified in the decision to interrupt funding, Innovation Funding Agency Business Finland has the right to discontinue payment of the funding and to claw back the funding already paid in whole or in part.

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## **25 Repayment of funding**

The beneficiary must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause.

Grants of less than 100 euros need not be repaid.

The beneficiary must contact the Funder before the repayment of funding.

## **26 Clawback of funding**

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

### **26.1 Statutory clawback**

Innovation Funding Agency Business Finland will order the discontinuation of the payment of funding and the clawback of funding already paid if the beneficiary has

1. failed to return funding or part thereof that must be repaid under section Repayment of funding
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 the provisions concerning the use of the funding or these terms and conditions in a manner comparable to paragraphs 1-3.

### **26.2 Discretionary clawback**

Innovation Funding Agency Business Finland has the right to order the discontinuation of the payment of funding and the clawback of funding or part thereof already paid if

- false or misleading information has been provided for the purpose of payment of funding or supervision thereof, information has been concealed, the provision of information has been refused or the information requested by Innovation Funding Agency has not been provided by the specified date
- the beneficiary has not complied with the terms and conditions for funding
- 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
- the funding has not been used in compliance with the funding decision
- the beneficiary has not been able to demonstrate how the project plan has been implemented or what the results have been
- the beneficiary has refused to assist in the project audit
- the beneficiary has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
- the beneficiary has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to restructuring proceedings
- the beneficiary or its representative has been convicted of an offence or ordered to pay penalties, in accordance with section 22 of the Act amending the Act on Discretionary Government Transfers
- the clawback of funding is required under European Union legislation

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- the beneficiary otherwise acts in a manner comparable to the matters in this section.

### **26.3 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).

If the clawback of a loan or part thereof has been ordered on the basis of section 7, subsection 1 of the Act on Central Government Lending and Guarantees, the beneficiary must also pay the add-on interest stipulated in the Act at the same time. The add-on interest must also be paid on loan amounts that have already been repaid if the loan was repaid after the lender was misled in the manner described in subsection 1. The add-on interest will be applied from the drawdown date of each installment to the date of repayment or the set date of repayment.

### **26.4 Penalty interest**

If the beneficiary has not paid the amount to be repaid by the due date set by the Funder, an annual penalty interest must be paid on the outstanding balance of the loan. 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).

### **26.5 Moderation of grant clawback**

Innovation Funding Agency Business Finland 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 property acquired with the grant or in relation to the procedure on which the clawback is based or because of a change in circumstances. For an extremely weighty reason, Innovation Funding Agency may decide to totally waive the sum to be repaid or clawed back, or the interest or penalty interest on it.

### **26.6 Clawback time limit**

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

## **27 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.

The State Treasury is entitled to exercise the same right of offsetting in relation to loans granted by the Funder.

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## **28 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.

## **29 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. Bond issued by the State Treasury
3. Funding terms and conditions
4. Cost estimate
5. Project plan
6. Funding application and the appendices to it
7. Any other documents relevant to the funding decision

## **30 Scope of application and legal basis**

- Annual state budget
- Act on Discretionary Government Transfers (688/2001)
- Act amending the Discretionary Government Transfers (1113/2018)
- Act on State Lending and State Guarantees (449/1988)
- Act on General Conditions for Aid Granted to Economic Activities (429/2016)
- Government Decree on Funding for Research, Development and Innovation Activities (1444/2014)
- Government Decree on amending the Government Decree on Funding for Research, Development and Innovation Activities (125/2018)
- Government Decree on amending and temporarily amending the Government Decree on Funding for Research, Development and Innovation Activities (549/2020)
- Act on the Client Information System of Enterprise Services (293/2017)
- Act on the Provision of Digital Services (306/2019)
- Act Amending the Act on Electronic Services and Communication in the Public Sector (307/2019)