

**General terms and conditions for companies' R&D activities**

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## 1 Scope of application and publicity of the funding decision

These terms and conditions apply to grants and loans (hereafter "funding") that Tekes has granted under the annual state budget, the Act on Discretionary Government Transfers (688/2001), the Act on State Lending and State Guarantees (449/1988), the Act on the General Terms and Conditions of Business Subsidy (786/1997) and the Government Decree on Funding for Research, Development and Innovation (1444/2014). The funding is state aid that is permitted under Article 25 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 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.

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 statement 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 arising from the project can be itemised and their connection with the accounting and the cost statements 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
- has been entered in the accounts of the recipient
- is in net amount and VAT-exempt.

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

The expenses must be fully paid when they are reported to Tekes. The costs must be based on the 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 required 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 in a statement 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 of the purchase (excluding VAT) is at least EUR 30,000.

If the public procurement unit 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 declaration, or by stating why the direct award procedure has been applied.

### 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 working time monitoring 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 pay component is received from Tekes or other funding bodies.

The recipient must notify Tekes if performance-related and/or other exceptional salary components are included in the salaries declared 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 salary 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.

The recipient must report on a wage/salary specification template any project-related wages and salaries paid to persons coming to Finland or working outside Finland.

### 3.4 Indirect personnel costs

A percentage of the wages and salaries paid for effective working hours and approved for the 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 using the indirect personnel cost instrument available on 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 coming to 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 approved as indirect personnel costs.

### 3.5 Overheads

Tekes can accept as overheads a percentage of the project-related wages, salaries and indirect personnel costs as set out in the project cost estimate. Tekes has the right to verify the overhead cost rate and pay funding on the basis of actual overheads when these remain under the level approved in the cost estimate. When requested, the overhead cost rate must be calculated using the overhead cost rate calculation available on Tekes website.

Costs of overhead type are not eligible under other cost categories. Such costs include the salaries of managerial and administrative personnel, IT, office and facilities costs and the related depreciation as well as annual patent payments.

### 3.6 Travel expenses

The travel expenses included in the project plan can be approved in accordance with the following regulations of the Finnish Tax Administration:

- Decision of the Finnish Tax Administration on the tax-exempt compensation of travel costs
- Instruction of the Finnish Tax Administration concerning compensation for commuting expenses

Costs arising from trips that are connected with the identification of international partners or with the preparation of international follow-up projects are accepted as project costs if the preparation of the international project is included in the project plan.

### 3.7 Material and supplies costs

Material and supplies costs based on procurement from an external supplier can be accepted as specified in the invoices. Internal material and supplies costs must be declared at cost price.

### 3.8 Machinery/equipment costs

Tekes may accept the cost arising from the acquisition of an instrument purchased for the project as a direct project cost if the instrument is mainly used in the project and its useful life is a maximum of three years.

If the instrument is also used for other purposes, the acquisition cost is accepted to the extent that the instrument is used in the project. If the useful life of the instrument is longer than the duration of the project, the proportion of the acquisition cost corresponding to the depreciation accumulated during the duration of the project will be eligible as project cost.

What is stated of an instrument above also applies to the software required in the project.

Fixed assets acquired by means of a hire-purchase contract made with a financing company that is in accordance with the Hire Purchase Act or by means of a similar arrangement can be accepted as an equipment purchase when the amount of the instalments paid is at least equivalent to the percentage of the Tekes funding of the fixed assets in question. In such instances the fixed asset must be in the possession of the recipient.

The acquisition cost of personal computers, mobile phones and other equipment included in overheads are not accepted as equipment purchases.

### 3.9 Machinery/equipment depreciation/rental costs

Depreciation and rental costs of machinery and equipment that are mainly used in the project are eligible in so far as they are used in the project. Cloud service purchases must be declared as Machinery and equipment rental costs.

Depreciation of machinery and equipment is eligible when it is based on planned depreciations, provided that no other public or European Union funding has been received for purchasing the relevant assets.

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 itemised, a maximum of 50 per cent of the total rental cost to the project are eligible as project costs.

The terms and conditions concerning machinery and equipment depreciation and rental costs also apply to R&D facilities costs where the acquisition of these is essential to the project.

### 3.10 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 project's purchased services

- audit of the project costs
- data acquisition
- licence purchases, excluding software required for the project
- application for intellectual property rights for SMEs<sup>1</sup>.

Software required for the project is approved under Machinery and equipment costs or Machinery and equipment depreciations and rental costs.

The funding may only cover a maximum of 50 per cent of the costs arising from the acquisition, protection and implementation of industrial property rights generated in the projects of SMEs.

#### Services purchased from domestic SMEs

For these purposes, a small and medium-sized enterprise (SME) is defined as a Finnish company with fewer than 250 employees.

Fees billed by independent contractor are declared under "Services purchased from SMEs".

#### Services purchased from domestic public-sector research organisations

A research institution is defined as a Finnish university, university of applied sciences or public research institute.

#### Services purchased from other domestic companies/entities

Services purchased from domestic organisations other than those specified above are entered under this cost category.

#### 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

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<sup>1</sup> A large company means a company that is not considered an SME under Article 2 of Annex I 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, p. 1).



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 statement of the costs arising from the project.

The costs must be declared on the cost statement template Y3, wage/salary specification template Y4 and the accountable project leader declaration Y5. The accountable project leader declaration must be signed by the persons authorised to sign for the group company and the associated company. The templates can be found on Tekes website.

The recipient must submit the cost statements of the group companies and associated companies and, as part of the final 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 statement 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 50 per cent of the wages and salaries allocated to the project are accepted as indirect personnel costs (see section 3.4). Overheads are declared using the rate based on the number of personnel in the group and associated company.

- 1 - 19 persons: 20%
- 20 - 49 persons: 30%
- 50 persons or more: 50%

*Purchases from foreign group companies, foreign associated companies and costs arising in an overseas office*

Tekes may also accept as project costs purchases from foreign companies in the same group and foreign associated companies and costs to the recipient arising in an overseas office. This must be specified in the special terms and conditions to the funding decision. Only direct project costs are accepted as eligible costs. Indirect personnel costs and overheads are not accepted. Exchange rates on the date of payment are applied to invoices submitted in a foreign currency.

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

#### **Services purchased from the European internal market**

Services purchased from the European internal market are entered here. The European internal market means the area comprising the European Economic Area and the Swiss Confederation.

#### **Services purchased from outside the European internal market**

Services purchased from outside the European internal market are entered here.

### **3.11 Ineligible costs**

The following costs are not accepted as eligible costs:

- entertainment expenses, donations, stipends or grants
- costs related to production, advertising, marketing or sales, such as travel, brochures, advertising expenses or professional fairs
- financing costs
- costs pertaining to industrial 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
- any financing, administration, insurance, repair, maintenance or equivalent costs arising from acquisitions financed through a part payment agreement
- costs (administration, financing, insurance, repair or equivalent) related to machinery and equipment rental that have arisen during the duration of the project to the extent that they exceed the equivalent purchase price;
- costs that are not included in the project plan.

## **4 Consideration of income**

If during the course of the project or immediately after it the recipient receives income from the sale of a prototype produced in the project, a demonstration project or the results of experimental production, it

must immediately and no later than in conjunction with the final report inform Tekes of them. If the income is substantial, Tekes has the right not to accept the costs allocated to commercial operations.

## 5 Other public funding

The recipient must give the details of all other public funding for the 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 received by the project from Tekes and other providers of public funding may not exceed the maximum amount of public funding permitted for the project. If necessary, Tekes will reduce its own contribution so that the maximum amount of public funding is not exceeded.

## 6 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 through Tekes online service. An auditor's report must also be submitted as part of the final report (see section 7).

The recipient must declare all project costs in the final cost statement at the latest. If the maximum amounts for each cost category 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.

The costs that have been preliminarily approved on the basis of the interim report must also be included in the final report. Tekes will only give its final approval to the costs after it has received the auditor's report.

## 7 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. The report template is available on Tekes website.

The auditor must focus on, in particular, 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 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 supervising funding.

## 8 Payment of funding

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

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 first instalment of a loan may be paid in advance.

The final instalment of a loan is 20 per cent of the principal of the loan granted by Tekes. It will only be paid after the approval of the final report provided that the project has accumulated a sufficient amount of eligible costs.

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

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

The recipient must apply for the final funding instalment from Tekes when it submits the final project report and the final cost statement. Any funding that the recipient 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 and final cost statement.

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.

## 9 Joint projects

In joint projects, more than one organisation is involved in reporting and declarations related to the project work.

### 9.1 Project reporting and declaration of costs

In joint projects, the parties must provide Tekes with a progress report on their own work according to the schedule mentioned in the funding decision and in line with the general terms and conditions. In addition to the monitoring of project costs and progress, the project partners must report on how well cooperation has been realised. Any departures from the cooperation envisaged in the project plan must be approved by Tekes.

Each partner must declare its own project costs.

### 9.2 Eligible costs

A service purchased from another partner – which is in receipt of Tekes funding for its involvement in the same joint project – can only be accepted as a project cost if the service forms part of the business operations of the seller i.e. it is not part of the R&D&I activities which the seller declares to Tekes.

### 9.3 Payment of funding

Funding for joint projects is usually paid to all of the partners at the same time. Payment of funding may be suspended for all of the partners, if the cooperation envisaged in the project plan is not realised due to the funding decision concerning one of the partners, or because of a breach of the general terms and conditions.

### 9.4 Tekes' right to disclose information

Tekes has the right to disclose information to other project partners if such information affects cooperative activity or the payment of the funding. The customer will be heard before such a disclosure is made.

## 10 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 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 database for a period of five accounting periods following the completion of the project and to commission an analysis of the recipient's annual accounts from another public funding agency.

## 11 Changes to the 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 cost categories
- changes to the schedule
- changes to a reporting deadline
- appointment of a new accountable project leader
- changes to bank details.

The recipient must immediately notify Tekes 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.

## 12 Project transfer, IPR and approval of corporate reorganisation

The recipient may only transfer the funding decision to a third party during the project with written approval of Tekes. Prior to the transfer, the original recipient must report and declare its share of the project. The auditor must submit an auditor's report on the declared costs.

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 inform Tekes 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

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 (such as merger, division, significant changes in ownership, and significant personnel cutbacks that affect the 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 or that make it more difficult for the recipient to repay the loan. 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 and the loan repayment secured despite the changes.

Tekes has the right to claw back the funding under section 17 of these general terms and conditions if the recipient violates against the provisions laid down in this section.

### 13 Amendments to lending terms

If the commercial use of the project results is substantially delayed, Tekes may for extremely weighty grounds extend the loan period to a maximum of twenty years. The grace period may not exceed ten (10) years.

If the project or the commercial utilisation of its results fails completely or partially Tekes may in exceptional cases waive the outstanding loan principal and the interest payments.

Changes to lending terms must remain within the maximum project support as set out in sections 11 and 12 of the Government decree 1444/2014. In cases where the funding contribution is less than or equal to the maximum funding intensity, the full principal and interest may be waived. The loan may be partially waived in proportion to the failure of the project or the failure to utilise it commercially.

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

The loan period cannot be extended or waived solely on the grounds that the desired impacts of the project as declared by the recipient and set out in the funding decision have not been realised.

In the event that the provisions in this section differ from those on non-recovery of loans by Tekes set out in the annual state budget of the year in which the loan was granted, the budget provisions take precedence.

### 14 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 expert 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 last 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 the domestic peace.

## **15 Discontinuation of payment**

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 adhere to 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 paid in whole or in part.

## **16 Repayment of funding**

The recipient must repay the funding or the part paid erroneously, 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.

## **17 Claw-back of funding**

### **17.1 Statutory claw-back**

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

1. failed to repay funding or part thereof that must be repaid 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.

### **17.2 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 reorganisation proceedings
6. the requirement laid down in section 12 of the Government decree 1444/2014 concerning the increasing of the funding intensity is not met during the duration of the project
7. the claw-back of funding is required under European Union legislation
8. the recipient otherwise acts in a manner comparable to the matters in this section.

### **17.3 Interest**

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

The interest is applied from the date of payment. It is calculated as an annual interest to which three percentage points are added. The annual interest is determined in accordance with section 3(2) of the Interest Act (633/1982).

**17.4 Penalty interest**

If the 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).

**17.5 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.

On extremely weighty grounds, Tekes may decide not to collect the sum to be repaid or clawed back and the interest or penalty interest on it at all.

**17.6 Claw-back time limitation**

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

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

**19 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.

**20 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.