

**Unofficial translation**  
**Ministry of Trade and Industry Finland**

**AID TO BUSINESS ACT**

(1068/2000)

**Chapter 1 - General provisions**

Section 1

The purpose of this Act is to promote, by supporting business activities, general economic development, the attainment of the objectives established for the economic and industrial policy and employment with due regard to the related impact on competition and the aims of the European Community and the national policies for regional development and the restructuring of the economy.

Section 2

For the purposes of this Act, State aid can be granted for business operations in the form of investment aid, small-business aid or business environment development aid as defined herein. In addition to aid-type funding, financial support to improve the general business environment can be provided in the form of capital investments. Furthermore, a start-up aid can be granted to a small business starting its operations.

Aid shall be made available for intangible and tangible projects of high standard with the aim of improving the long-term competitiveness of small and medium-sized enterprises in particular and their operating environment.

Section 3

Appropriations for the payment of aid are made annually in the State budget. The aggregate amount of aid may not exceed the ceiling defined in the State budget.

The measures envisaged in this Act can be part-financed from the Community Structural Funds. The provisions on financing referred to in section 2 of this Act shall also apply to the funds of the Structural Funds subject to the EC law.

Section 4

Aid is to be granted to small and medium-sized enterprises unless otherwise indicated hereinafter. For the purposes of this Act, the meaning of the terms 'small and medium-sized enterprise' and 'small enterprise' shall be defined by Government Decree.

Section 5

Aid shall be provided for business activity in accordance with the objectives defined in section 1 above. However, aid shall not be granted:

- (1) for agriculture or fisheries;
- (2) for construction;
- (3) for retailing or transport, unless the project involved relates to tourism;
- (4) to another service firm that does not provide services required by businesses.

Without prejudice to subsection 1(2)-(4) above, investment aid and start-up aid may be granted to small enterprises that play a key role in the development of the regional economy; development aid can be granted to small and medium-sized enterprises.

Projects for which subsidies have been granted under the Act on Financing Rural Development (329/1999) are not eligible for aid hereunder.

When granting aid for projects relating to processing and marketing agricultural products, the aid shall be granted as investment aid or development aid. Sections 10 to 11, Chapter 3, and section 34 of this Act shall not be applied the aid. Likewise, the regional restriction for large corporations laid down under section 8 shall not be applied to the aid. Further provisions on the aid referred to in this sub-section will be given by Government decree.

## Chapter 2 - **Investment aid and business start-up support**

### Section 6

Aid (*investment aid*) can be granted to a firm for the purpose of financing fixed assets investments when such a firm is starting business, expanding its operations, or modernising its fixed assets.

### Section 7

To be eligible for investment aid, the firm must be deemed to have the necessary prerequisites for continuous and profitable operations.

Additionally, aid is granted only if intended expansion or modernisation is deemed to lead to major improvements in terms of increasing the number of jobs, adding value to production or enhancing the level of services in the operational unit selected as the target for the project. An exception to this rule may be made if modernisation is effected by the firm by essentially upgrading the standard of technology of its fixed assets.

### Section 8

Investment aid may also be granted in the assisted areas referred to in section 7 of the Act on Regional Development (1135/1993) for projects launched by large corporations, including real estate corporations or municipalities that provide premises for the type of business activity referred to in this Act.

### Section 9

Investment aid can be granted for the purchase of, or alterations or improvements to, fixed assets necessary for business operations as laid down in greater detail in the applicable Government Decree. Investment aid can also be granted for the payment of the expenses

incurred over a maximum period of three years as a result of leasing fixed assets instead of purchasing the same.

#### Section 10

In addition to the provisions of section 9 above, expenditure incurred by small firms operating in the premises controlled by a business incubator in the form of rent payable for the premises or equipment leases including office services and consultations with experts may be eligible for investment aid.

A business incubator refers to a corporation that offers business premises as well as office and expert services for small firms.

#### Section 11

A small firm starting its business may also be eligible for start-up support based on the number of new jobs to be created as provided in more detail by Government Decree.

#### Section 12

Provisions concerning the indicative intensities of investment aid and its maximum amount including the aggregate amount of investment aid and other comparable support are laid down by Government Decree with due regard to the individual development needs of various regions.

### Chapter 3 - **Business environment development aid**

#### Section 13

State aid may be granted for projects initiated by public or private-sector corporations, foundations, firms and private individuals in order to improve the business environment of companies (*business environment development aid*). A prerequisite for granting such aid is that the project is of essential importance with a view to the establishment, expansion or development of small and medium-sized enterprises in a region. Aid may also be extended to projects with wider economic implications transcending the borders of individual regions when such projects promote the regional business development objectives or the internationalisation of small and medium-sized enterprises.

#### Section 14

Funding from the European Regional Development Fund and domestic sources may also be allocated to capital investments by making equity investments in regional capital investment funds. The decision on the matter is taken by the Ministry of Trade and Industry.

#### Section 15

The projects referred to in section 13 above may be related to the development or provision of services required by firms, improvement of co-operation between firms and institutes of education as well as promotion of innovation, corporate networking and transfer of technology and other comparable projects.

## Section 16

The maximum amount of the aid referred to in this Chapter, the eligible costs of the project and other bases for the granting of aid are laid down by Government decree.

## Chapter 4 - **Development aid of small and medium-sized enterprises**

### Section 17

Development or internationalisation projects enhancing the competitiveness or internationalisation of small and medium-sized enterprises in the long term can be granted aid to business (*development aid*).

### Section 18

Business development aid is granted for a specific development or internationalisation project as defined in the plan presented by the firm involved. Such a development project must be significant in view of the scope of the firm's activities. An internationalisation project must be of major importance to the firm's internationalisation efforts. However, the importance of a joint project involving several firms can be evaluated in terms of its overall impact. Business development aid may also be granted for a survey exploring the potential for the establishment of a firm or its operations.

### Section 19

A decision to grant development aid may be based on the expenditure to be incurred by the firm as a result of a development or internationalisation project to be executed according to plan, as provided in more detail by Government Decree.

### Section 20

The maximum amounts of business development aid in assisted areas and elsewhere in Finland are laid down by Government decree.

### Section 21

No business development aid is granted if the project involved is being financed with some other State subsidies. However, an exception to this rule may be made, except for projects related to the processing and marketing of agricultural products, where a diversification of sources of funding is deemed appropriate with a view to the scope or regional importance of the project involved. The maximum amount of Government subsidies or comparable support in combination with the business development aid is laid down by Government decree.

## Chapter 5 - **Application for aid and its payment**

### Section 22

Matters concerning aid to be provided hereunder are administered the Ministry of Trade and Industry and the Employment and Economic Development Centres, as provided hereinafter.

## Section 23

If the expenditure eligible for investment aid exceeds € 1.7 million, the decision on granting aid shall be made by the Ministry of Trade and Industry, and in other cases by the Employment and Economic Development Centre unless the Ministry, for a specific reason, deems it appropriate to withhold decision-making powers. Where start-up support is granted for the project in addition to investment aid, the decision on granting start-up aid shall be made by the authority making the decision on granting the investment aid, and in other cases by the Employment and Economic Development Centre. Decisions on granting business development aid and business environment development aid shall be made by the Employment and Economic Development Centre.

Decisions on the payment of aid shall be made by the Employment and Economic Development Centre unless the Ministry, for a specific reason, deems it advisable to withhold decision-making powers for itself.

## Section 24

Any application for aid shall be filed before the project is started.

An application for aid filed with the Employment and Economic Development Centre later than provided in the preceding subsection 1 may be processed, except for projects relating to processing and marketing of agricultural products, if the Ministry of Trade and Industry or the Employment and Economic Development Centre so decides for specific reasons in respect of the type of aid falling under its decision-making powers and provided that the European Commission approves this on the basis of a notification submitted to it in each individual case.

## Section 25

The Employment and Economic Development Centre will make the aid payment in response to a separate application in accordance with the progress of the project subject to the more specific terms laid down in the decision to grant aid and upon presentation of acceptable evidence.

Should the eligible expenses actually incurred prove to be lower than estimated, so that the aid exceeds the percentage allowed for the expenses in the decision, the amount of aid shall be reduced accordingly.

## Section 26

If a project involves more than one firm or a firm and a corporation that is not engaged in business activity, the aid can be granted and paid to the firm or corporation that has undertaken to answer for its use in respect of the entire project.

## Chapter 6 - **Miscellaneous provisions**

### Section 27

Granting and payment of aid by the Employment and Economic Development Centres are controlled by the Ministry of Trade and Industry that can itself audit or authorise an external

auditor to audit the Employment and Economic Development Centres. Use of the aid by the recipients shall be supervised by the Ministry of Trade and Industry and the Employment and Economic Development Centres, which can authorise another authority or an external auditor to control the use of the aid.

Such an external auditor shall be an auditor (CPFA auditor) or auditing corporation (CPFA corporation) approved by the Board of Chartered Public Finance Auditing, or a Chartered Public Accountant (CPA), or chartered accounting firm approved by the Central Chamber of Commerce, or a public accountant (PA) or accounting firm approved by the Chamber of Commerce.

While serving in this capacity, the auditor is subject to the provisions applicable to civil servants. As for the disqualification of the auditor, sections 10 and 11 of the Administrative Procedure Act (598/1982) shall apply. Auditors shall also otherwise fulfil the necessary conditions for carrying out an independent audit. If such conditions cannot be fulfilled, the auditor shall refuse to accept the assignment or renounce it.

## Section 28

The Ministry and the Employment and Economic Development Centres and the auditors authorised by the same shall have the right to audit the business operations of the applicant and recipient of aid to the extent justified by the application and use of the aid. For the performance of the audit, the applicant and recipient of aid is liable, without undue delay and any charge, to present the person carrying out the audit all the account books and other material necessary relating to the use of the aid and to assist in the execution of the audit in other respects as well. For this purpose, the auditor authorised to perform the audit shall have the right to have access to the premises administered or used by the accountable. However, the audit may not be conducted in a place where domiciliary peace is at risk of being violated.

The auditor performing the audit has the right to take custody of the account books and other material referred to above, if the objective of the audit so requires. The audit books and the other material shall be returned, when the performance of the audit no longer requires their custody.

At the request of the auditor, the accountable shall also give any information necessary for the appropriate performance of the audit.

The police, customs officers and tax authorities shall give executive assistance without any charge in order to perform the audit referred to under this section.

## Section 29

Without prejudice to the confidentiality provisions, the Ministry of Trade and Industry shall have the right to obtain from an Employment and Economic Development information and reports on the application, granting and payment of aid necessary for the administration of the aid scheme. A similar right to obtain information from the recipients of aid on the use of aid is vested in the Ministry of Trade and Industry and in an Employment and Economic Development Centre.

At request, the Ministry of Trade and Industry and an Employment and Economic Development shall have the right to obtain from another authority such information on a natural person or a legal person that is necessary for performing the supervisory duty or for handling applications for aid but that would otherwise be considered confidential. The request for information shall specify the information needed and its purpose of use. Information obtained in this way may not be used for purposes other than that specified in the request.

### Section 30

The provisions of the Act on the publicity of the functions of civil servants (621/1999) shall apply to the confidentiality obligation binding on any person performing duties under this Act.

Without prejudice to the confidentiality obligation laid down in the Act on the publicity of the functions of civil servants, information on the economic standing of private persons or corporations, on a business or trade secret or on the personal circumstances of a private person, which has been gained while performing duties subject to the present Act or to the Act on the national administration of a structural fund programme (1353/1999), may be given to:

- (1) the Ministry of Trade and Industry and an Employment and Economic Development Centre for the performance of the duties subject to the Acts mentioned above;
- (2) performers of necessary studies on the impacts of aid and effects on competition and on other subjects related to the application of this Act, for carrying out these studies;
- (3) another authority or external auditor performing the audits referred to in sections 27 to 28 above; and
- (4) the prosecuting, police or customs authority for the purpose of solving a crime.

### Section 31

The Ministry of Trade and Industry and the Employment and Economic Development Centres may impose conditions for the aid to be granted, if these are necessary in order to eliminate effects that are contrary to the objectives of the present Act.

### Section 32

If a recipient of aid other than that referred to in section 33 below winds up or essentially restricts, with no compelling reason, the operations serving as the basis for the decision to grant aid under section 6 hereof, within five years of the making of the decision to grant aid, the aid shall be reclaimed in full or in part subject to exemption due to special circumstances. Of the time limits laid down above, the one that extends the longest shall be applied. When deciding on the aid, the time limits can be prolonged for a special reason.

Where all or part of the fixed assets owned by a body other than a real-estate corporation or a municipality and constituting the object for which the investment aid referred to in the preceding first subsection is earmarked, or all or a substantial part of the firm's business operations are sold or otherwise surrendered to another party within the period of time defined in the preceding first subsection and no new fixed assets are acquired to replace the same, the

aid shall be reclaimed in full or in part. Action to recover the aid may, however, be waived if the aid is deemed to have been transferred to another firm and if such transfer of aid is deemed appropriate.

If the fixed assets of a real-estate corporation or a municipality to which aid has been granted are conveyed, during the period of time defined in the preceding first subsection, to a firm not qualifying for aid hereunder, the investment aid shall be repaid within six months of the transfer. Where any other essential change takes place, during the said period of time, in the circumstances on the basis of which the aid referred to in this subsection was granted, the aid can be reclaimed in full or in part.

An annual interest equivalent to the current Bank of Finland base rate plus four percentage points can be imposed, as of the date of payment of such aid, on any amount of aid to be reclaimed. Should the recipient fail to pay back the aid by the predetermined due date, an annual interest for overdue payments as defined in section 4(3) of the Interest Act (633/1982), shall be payable.

### Section 33

If a firm granted investment aid under section 6 is, at that time, deemed to be able to give work to other people beside the entrepreneur himself or herself, equivalent to a maximum of two man-years, while the maximum investment aid granted is € 50 000, and the fixed assets for which the investment aid was earmarked are sold or otherwise conveyed to another party or otherwise disposed of within five years of the date of the decision to grant aid, and no new fixed assets are acquired to replace the same, the aid shall be reclaimed in full or in part. Of the time limits laid down above, the one that extends the longest shall be applied. Action to recover the aid may, however, be waived if the sale of fixed assets is due to the entrepreneur's loss of capacity for work or other such compelling reason. Action to recover the aid may also be waived if aid is deemed to have been transferred to another firm and if such transfer of aid is deemed appropriate.

Should the operations for which investment aid under the preceding first subsection was earmarked be wound up during the said period of time, all or part of the aid may be reclaimed subject to exemption due to special circumstances relating to the use of the aid.

Interest shall be payable on any aid to be repaid in accordance with section 32(4) hereof, as of six months of the date when the fixed assets were conveyed or transferred or the operations were wound up.

### Section 34

Where an aid recipient, within five years of the passing of the decision to grant aid under section 13, sells or otherwise conveys all or part of the fixed assets for which the aid was earmarked to another party and acquires no new fixed assets to replace the same, the business environment development aid shall be repaid in full or in part relative to the percentage of assets involved. Of the time limits laid down above, the one that extends the longest shall be applied. Action to recover the aid may, however, be waived if the aid is deemed to have been transferred to another and if such transfer of aid is deemed appropriate.

As for interest payable on the aid to be repaid, the provisions of section 32(4) hereof shall apply.

### Section 35

All or part of the aid shall be reclaimed if the recipient has

- (1) supplied false information on an essential point of fact when applying for aid or for payment thereof,
- (2) concealed circumstances that essentially affect on the granting or payment of aid,
- (3) declined to furnish information, documents or other material required for the payment or control of aid, or to lend adequate assistance necessary for an audit, or
- (4) used the aid for purposes other than that for which it was granted.

Interest payable on the aid to be repaid shall be determined in accordance with section 32(4) hereof, in addition to which an additional interest equivalent to the difference between the interest rate defined in section 4(3) of the Interest Act, and the said interest rate may be imposed.

### Section 36

If the fixed assets eligible for investment aid under section 32 or 33, or for business environment development aid under section 34, are destroyed in an accident within the period of time defined in the said sections, respectively, damages received under an insurance policy shall be payable to the Ministry of Trade and Industry relative to the percentage that the aid accounted for the value of the fixed assets at the time of purchase. The payment obligation shall not, however, exceed the amount of the aid. Exemption from the obligation may be granted if the destroyed fixed assets are replaced by new fixed assets. If so, the conditions for the aid shall apply to the fixed assets used for replacement.

### Section 37

In the cases referred to in sections 32 and 35, any decision on repayment of aid shall be made by the Ministry of Trade and Industry, and in the cases referred to in sections 33 and 34, by the Employment and Economic Development Centre by which the aid involved was granted. In so far as in cases referred to in section 36 an accident pertains to the fixed assets of a firm referred to in section 33 or 34, any decision on repayment shall be made by the Employment and Economic Development Centre by which the aid involved was granted, and in all other cases by the Ministry of Trade and Industry.

### Section 38

Except for the decision referred to in sections 32 - 36 hereof, no administrative decision taken under this Act by the Ministry of Trade and Industry or an Employment and Economic Development Centre may be appealed. The Administrative Judicial Procedure Act (586/1996) contains provisions on appealing the decisions referred to in this section.

Decisions referred to in sections 32 - 36 are enforceable despite any appeal, unless otherwise provided by a Court of Justice.

## Section 39

Further provisions on the implementation of this Act will be given by Government Decree. The Ministry of Trade and Industry may issue directives for the Employment and Economic Development Centres necessary for the equitable and uniform processing of the types of aid envisaged in this Act.

## Chapter 7 - **Entry into force**

### Section 40

This Act will enter into force on a date to be defined by decree.

This Act repeals the Act on Aid to Business (1136/1993) of 10 December 1993 and the Decision of the Council of State of 30 December 1993 on Aid to Business (1689/1993) as later amended. However, the repealed statutes and the regulations and instructions issued by virtue of the same shall be applicable to aid granted thereunder. Sections 27 - 30 of this Act shall, however, also apply to decisions on aid made subject to the repealed Act.

### Section 41

This Act shall apply to aid granted hereunder after the effective date hereof in response to applications filed with the Ministry of Trade and Industry and the Employment and Economic Development Centres before or after the entry into force of the present Act, where such aid is based on investment, production or development activities commencing before or after the entry into force of this Act. However, in the case of aid for processing and marketing of agricultural products, the Act shall only apply to aid granted by virtue of applications received after the entry into force of the Act.

Decisions on aid can be made subject to the present Act until the end of 2006. Decisions on payment of aid as for funding from the Community Structural Funds and the corresponding national funding can be made until the end of 2008. Decisions on payment of aid concerning national funding only can be made in compliance with the conditions for payment of aid laid down in the relevant decision.

### Section 42

Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.