

Aid for investments towards a climate-neutral economy



Call info 22.1.2025
(will be recorded)

Presentation content

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- Submitting and processing of the application
- Criteria for awarding aid
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Finland enters the race for clean transition investments

// In the current geopolitical situation and the changed state aid policy conditions of the EU, competition for industrial investments has intensified, and Finland's position in the competition has weakened.

To boost investment, the Government is preparing a temporary tax credit enabled by the EU's temporary crisis framework for large industrial investments supporting the transition to a net-zero economy, such as battery and hydrogen projects and the fossil-free steel industry.

The aim is to mobilise large-scale industrial investments utilising electricity and at the same time to support the construction of a clean transition industrial ecosystem in Finland.



State of preparation of the aid scheme

Tax credit

- A political decision has been done to *deploy* the tax credit scheme
- The impact of the tax credit on the state budget will not be tangible until 2029 at the earliest, when investors can start deducting a maximum of 1/10 part of the credit granted from their corporate tax.
- BF can open a call for applications for the credit only after the Commission has approved the aid scheme, the government has submitted a legislative proposal to Parliament and the law has entered into force.

Investment grant

- Call is open for applications 13.1.2025-14.3.2025
- Total amount of grant available 400 million euros

TAX CREDIT



Accelerating
the rollout of
renewable
energy and
for energy
storage

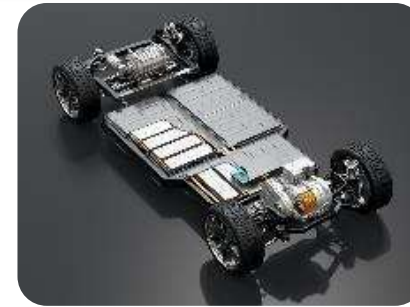
section 2.5.1 of
the framework

INVESTMENT GRANT



Decarbonisation
of industrial
production
processes and
energy
efficiency
measures

2.6



Investments in
sectors
strategic for the
transition
towards a net-
zero economy

2.8

Investments eligible for the aid

Accelerating the rollout of renewable energy and for energy storage (2.5.1)

1. Investments for the production of energy from renewable sources including the production of renewable hydrogen and renewable hydrogen-derived fuels but excluding the production of electricity from renewable hydrogen
2. Investments in electricity storage and thermal storage
3. Investments in storage for renewable hydrogen, biofuels, bioliquids, biogas and biomass fuels that obtain at least 75% of its content from a directly connected facility

Decarbonisation of industrial production processes and energy efficiency measures (2.6)

- Investments that enable installations currently relying on fossil fuels or feedstock, to reduce greenhouse gases by least 40 % by means of the electrification or the switch to the use of renewable and electricity-based hydrogen

and/or

- Investments that enable to reduce energy consumption of the aided activities by at least 20 %

Investments in sectors strategic for the transition towards a net-zero economy (2.8)

1. Production of batteries, solar panels, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)
2. Production of key components designed and primarily used as direct input for the production of the equipment defined above
3. Production or recovery of related critical raw materials necessary for the production of the equipment and key components defined above

Tax credit: Eligible cost of investment \geq 50 EUR million

Investment grant: Eligible investment costs \geq EUR 30 million

Eligible costs

Cost item	Renewable energy (2.5.1)	Decarbonisation (2.6)	Production (2.8)
Salaries and overheads	Not eligible		
Purchase, installation and commissioning of machinery and equipment	Costs incurred from the purchase of machinery and equipment and their installation as a purchased service, as well as costs incurred from the of commissioning of the invested assets and the training of operating personnel as a purchased service.		
Costs of acquiring intangible assets	Intangible assets, such as patent rights, licenses, know-how or other intellectual property. Intangible assets related to investments in sectors strategic to the transition to a climate-neutral economy must remain associated with the area concerned.		
Cost of buildings Civil engineering, supervision and connection fees Earthwork and acquisition of land	Planning and labour costs incurred as purchased service for the construction, repair or expansion of a structure or building. Costs of purchased services related to civil engineering and supervision of construction work, as well as the connection fee charged by the distribution network holder for electricity production or consumption. Costs incurred from the outsourced planning and construction costs of telecommunications networks necessary for the project and other similar networks and purchase costs of licenses necessary for the construction or use of the networks. Costs of purchased services related to clearing and earthwork as well as the acquisition of land directly related to the investment.		
Preparation and planning costs	Preparation and planning costs acquired as a purchased service. The purchased services related to supervision and project management are also considered in connection with the assessment of reasonable preparation and planning costs.		
Purchases from associated companies	Eligible		

Form of aid	Renewable energy (2.5.1)	Decarbonisation (2.6)	Production (2.8)
Tax credit	<p>The amount of eligible costs for the tax credit shall be \geq EUR 50 million. Amount of the tax credit is 20% of eligible costs. The maximum amount of the tax credit is EUR 150 million. If the company belongs to a group, the maximum amount of the tax credit is calculated on a group-by-group basis.</p> <p>The tax credit is deducted from income tax in the year of completion of the investment and in the following 19 tax years according to the corporate income tax due to the company. The tax credit can be deducted up to 10% of the total amount of the tax credit per tax year.</p>		
Investment grant	<p>No grant shall be awarded</p>	<p>The amount of eligible costs shall be \geq EUR 30 million.</p> <p>The grant is 50% of the cost of investments other than those related to electrification to reduce greenhouse gas emissions, 30% of the cost of electrification-related investments to reduce greenhouse gas emissions, and 30% of the cost of investments to reduce energy consumption.</p> <p>The maximum amount of aid is EUR 200 million.</p>	<p>The amount of eligible costs shall be \geq EUR 30 million.</p> <p>The grant amounts to 15 % and a maximum of 150 million and in regional aid areas 20 % and 200 million.</p>
Investment execution time	<p>The tax credit is reduced by 1 % for each month in which the completion of the investment exceeds 36 months from the decision to grant the aid.</p>	<p>Both the tax credit and the grant is reduced by 1% for each month in which the completion of the investment exceeds 36 months from the grant decision.</p>	<p>There are no restrictions on the implementation period of the investment</p>

Submission and processing of aid applications

- **Application** for both tax credit and investment grant **must be submitted to Business Finland before start of works.** Start of works means either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible, whichever is earlier. Buying land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works.
- The preparation of proposals and decision-making concerning the granting of tax credits and investment grant are made in accordance with the normal process. The grant is discretionary, and BF must request a statement from the Ministry of Economic Affairs and Employment before making a grant decision. The tax credit is not discretionary but is granted to all companies that meet the criteria.
- Both forms of aid will be opened for application once the legislation and the Commission's State aid decisions are in force. **Aid decisions must be made by the end of 2025.**

Criteria for granting aid

- No aid will be granted to companies in difficulty or subject to sanctions
- For groups, the maximum amount of the aid is calculated on a group-by-group basis
- A tax credit can be granted to a company that has a permanent establishment only in the Åland Islands, but the grant is not
- Investments in renewable energy production and energy storage must comply with the DNSH principle
- The funder must ensure that the production of energy, biofuels and hydrogen from renewable sources complies with the provisions of Directive (EU) 2018/2001
- The reduction of greenhouse gas emissions and/or energy consumption is verified by means of third-party verification data provided by the customer
- The funder must assess whether the investment would be carried out even without the aid
- The production facilities of the equipment, its components and raw materials must be committed to being kept in Finland for at least 5 years, and the subsidy must not facilitate the transfer of production activities between EEA countries.

Payment of financing

Grant

The investment grant is granted as a subsidy, which is paid afterwards against realized costs.

At least 20 percent of the grant is paid only after the final report has been approved.

When paying the grant, 1% will be deducted from the amount of the subsidy granted for the investments according to section 2.6 for each full month exceeding the 36-month time limit, up to the total amount of the subsidy granted.

The funder monitors the impact of the project and the fulfillment of the conditions for awarding the grant even after the end of the project.

Tax credit

The tax credit is deducted from the income tax in the year of completion of the investment and in the following 19 tax years, according to the amount of corporation tax payable to the company. The tax credit can be deducted per tax year by a maximum of 10% of the total amount of the tax credit.

The facility or equipment that is the subject of the investment project according to Sections 2.5.1 and 2.6, which is the basis for the tax credit, must be ready and in operation within 36 months from the date of granting the tax credit. If this 36-month deadline is not met, 1% will be deducted from the amount of the tax credit granted to the company for each month that exceeds the 36-month deadline.

The decision regarding the change of the investment credit must be made no later than six calendar years after the end of the investment project's completion year.

For five calendar years after the end of the project, the recipient of the refund is obliged to provide the funder with the information requested by it in order to carry out the monitoring.

Combination of investment grant and tax credit*

Investment	EU framework		Grant		Tax credit		Ref.
	%	MEUR	%	MEUR	%	MEUR	
Renewable energy, energy storage	45-65	n/a	-	-	20	150	1)
Decarbonisation, electrification	30	200	30	200	20	150	2)
Decarbonisation, other	60	200	50	200	20	150	2)
Energy efficiency	30	200	30	200	20	150	2)
Strategic investment, regional aid	20	200	20	200	20	150	3)
Strategic investment, no regional aid	15	150	15	150	20	150	3)

1) Only tax credits are granted for investments in renewable energy production and energy storage in Finland.

2) **If a 50% grant has been granted for an investment that reduces greenhouse gas emissions with other means than electrification, a tax credit of up to 10% can also be granted for the same investment, so that the total amount of aid does not exceed EUR 200 million. If the aid exceeds 50%, the recipient must comply with the Act on Public Procurement.** Background: The maximum aid of EUR 200 million is defined in point (81) b. of the aid framework. In Finland, aid intensities have been defined on the basis of point (81) p. of the aid framework. Point (81) s. of the framework provides that aid may then overlap in terms of eligible costs, provided that the highest aid intensity and/or aid ceiling are not exceeded.

3) Point (85) g. of the state aid framework defines the maximum aid intensity as 15% and as 20% in regional aid areas (150-200M). If the form of aid is a tax credit, point h. of the aid framework allows for an increase in the intensity of 5 %-points, plus 10 %-points for medium-sized enterprises and +20 percentage points for small enterprises. If the aid is granted in the form of a grant in accordance with the maximum aid intensity defined by the EU aid framework, SME bonuses cannot be taken into account. Other aid through centrally managed European Union funds is possible under the state aid framework.

Investment case fossil free steel



In case of an integrated project (where the facility produces hydrogen for use by the same facility):

1. The investment in a renewable hydrogen production facility would be assessed under Section 2.5.1 (tax credit)
2. The investment necessary to switch production processes to renewable hydrogen use would be assessed under Section 2.6 (grant and tax credit)



→ H2



Customers

- The Ministry of Finance estimates that approximately 15-25 investment projects will be eligible for the tax credit. If they were all granted a tax credit, the amount of the credit would reduce corporate tax revenue by EUR 0.9-2.1 billion.
- There is no estimate of the amount of eligible investments for the investment grant. The allocation authority of EUR 400 million would be fully used for 2 investments of maximum size. If the grant authority were used for installations manufacturing equipment and components and the grant for each of them was the smallest possible, i.e. EUR 4.5 million, the grant could be granted for a maximum of 90 investments.

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Attachments

More information

Website

- [Investointiavustus suurille puhtaan siirtymän investoinneille](https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/rahoitus/investointiavustus-suurille-puhtaan-siirtymän-investoinneille)

<https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/rahoitus/investointiavustus-suurille-puhtaan-siirtymän-investoinneille>

- [Verohyvitys suurille puhtaan siirtymän investoinneille](https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/rahoitus/verohyvitys-suurille-puhtaan-siirtymän-investoinneille) (in Finnish only until the call is open)

<https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/rahoitus/verohyvitys-suurille-puhtaan-siirtymän-investoinneille>

Draft legislative acts in the consultation service (in Finnish only)

- [Investointiavustus – Lausuntopalvelu](https://www.lausuntopalvelu.fi/FI/Proposal/Participation?proposalId=0d656b97-7142-4765-8ace-5866dda9a047)

<https://www.lausuntopalvelu.fi/FI/Proposal/Participation?proposalId=0d656b97-7142-4765-8ace-5866dda9a047>

- [Verohyvitys – Lausuntopalvelu](https://www.lausuntopalvelu.fi/FI/Proposal/Participation?proposalId=fc4c1495-6abc-4f98-bfe8-4b0521510612)

<https://www.lausuntopalvelu.fi/FI/Proposal/Participation?proposalId=fc4c1495-6abc-4f98-bfe8-4b0521510612>

Key legal acts

- The scheme is based on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia ([2023/C 101/03](#)).
- The investment grant will be awarded on the basis of an aid scheme approved by the European Commission 13.12.2024 ([SA.113721](#)). The aid scheme in the form of a Finnish grant concerns sections 2.6 (Aid for the decarbonisation of industrial production processes through electrification and/or the use of renewable and electricity-based hydrogen fulfilling certain conditions and for energy efficiency measures) and 2.8 (Aid for accelerated investments in sectors strategic for the transition towards a net-zero economy).
 - The subsidy is subject to the Government Decree on aid to promote the decarbonisation and energy efficiency of industrial production processes and to promote the transition to a climate neutral economy ([2/2025](#)).
- In addition to sections 2.6 and 2.8, the tax credit covers section 2.5.1 (I Investment aid for accelerating the rollout of renewable energy and for energy storage) of the Commission Communication. The tax credit is based on aid scheme SA.114934 approved by the Commission on xx.xx.2024.
 - Provisions on the tax credit are laid down in the Act on the Tax Credit for Certain Large Investments Aiming at a Climate-Neutral Economy (xxxx/2024).

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Thank you!

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