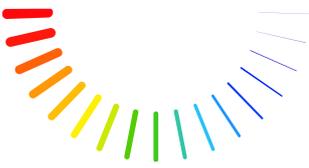


# Financial guidelines.

*3<sup>rd</sup> Open Call.*

IMPETUS





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# Cost eligibility concepts and exceptions.

*Eligible costs.*

## **ELIGIBLE COSTS:**

1. **Actually, incurred by the beneficiary** (real, not estimated or budgeted)
2. Incurred during the **project duration (Participation for successful applicants will last 6 months).**
3. Indicated in the **estimated budget** of the project
4. Incurred **in connection with the project** as described and **necessary for its implementation**
5. **Identifiable and verifiable** (come directly from beneficiary's accounts and supported by documentation)
6. In **compliance with applicable national laws** on taxes, labor and social security
7. **Reasonable, justified** and must comply with the principles of **sound financial management**, in particular regarding economy and efficiency

## **NON-ELIGIBLE COSTS:**

1. Deductible VAT (VAT that is recoverable under the national 'VAT system')

*Forms of expenditure.*

**Actual costs** (i.e., costs which are real and not estimated or budgeted)

- Personnel costs (e.g., 5.000€ actual yearly salary for senior researcher)
- Subcontracting costs (e.g., the actual price paid for the subcontracting)
- Other direct costs (e.g., 200€ actual price for a computer)

**Unit costs** (i.e., an amount per unit):

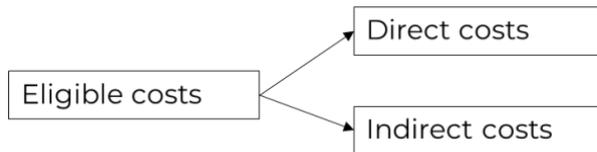
- Personnel costs of SME owners/natural persons not receiving a salary
- Personnel costs calculated by the beneficiaries in accordance with their usual cost accounting practices (average personnel costs)
- Costs of internally invoiced goods and services calculated by the beneficiaries in accordance with their usual cost accounting practices

**Flat-rate costs** (i.e., costs calculated by applying a % fixed in advance to other types of eligible costs)

- Indirect costs (25% flat-rate for indirect costs)



## Cost categories



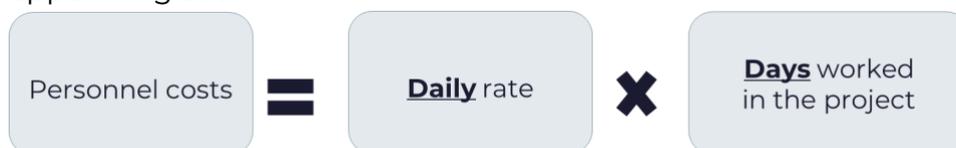
### **DIRECT COSTS**

Specific costs **directly linked to the performance of the action**, and which can therefore be directly booked to it.

1. Personnel costs
2. Subcontracting costs
3. Purchase costs:
  - o Travel
  - o Equipment
  - o Other goods and services
  - o Costs of internally invoiced goods and services (within “Other cost categories”)

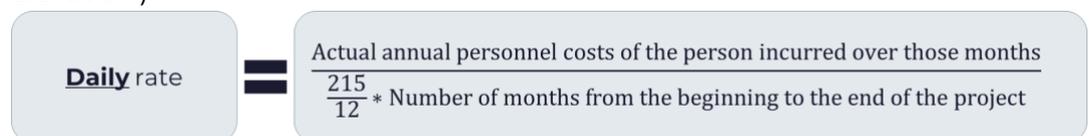
## 1. Personnel costs

- 1.1. **Costs for employees (or equivalent)** - Persons working for the beneficiary on the basis of an employment contract or equivalent appointing act

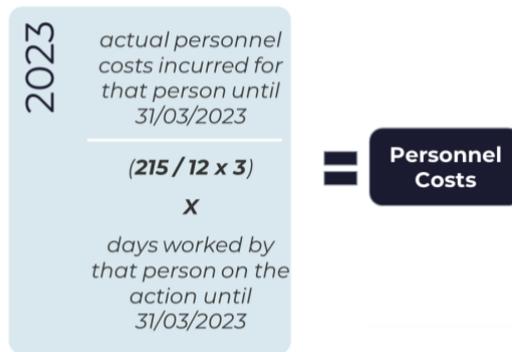


To calculate the **Daily** rate (considering that the projects last 6 months):

Partial daily rate (just part of the year belongs to the project duration):



Example:



**Hourly personnel rate** = Total annual personnel costs of an employee / Total **annual productive hours** of an employee

\***Annual productive hours:**

- **Fixed number of hours:** 1 720 hours for persons working full time (or corresponding pro-rata for persons not working full time). Only hours spent on parental leave can be deducted.
- **Individual annual productive hours:** the total number of hours worked by the person in the year for the beneficiary. Hours spent on all types of leaves must be deducted (sick leave, parental leave...).
  - Annual workable hours (contract, labor agreement) + overtime – absences
- **Standard number of productive hours:** Actual working standards of the beneficiary, in compliance with usual accounting practices. On top on standard time of absence in the organization, hours spent on parental leave can be deducted.

#### Rules to **convert these hours in days**

1. A conversion based on a fixed number of hours:  
1 day-equivalent = 8 hours
2. A conversion based on the average number **of hours that the person must work per working day according to the contract.**  
*Example:* if the contract says that the person must work 37,5 hours per week distributed in 5 working days, a day-equivalent for the person is 7,5 hours (37,5 / 5). In the same example, if the person works 50 % part-time, the day-equivalent would be 3,75 hours (18,75 / 5).
3. A conversion based on the **usual standard annual productive hours** of the beneficiary, if it is at least 90% of the workable time.



*Example: Standard annual productive hours of the beneficiary = 1600 Standard annual workable hours of the beneficiary = 1720  
 $1720 \times 90\% = 1548 < 1600 \rightarrow 1600/215 \Rightarrow 7.44 \text{ hours} = 1 \text{ day-equivalent}$*

**Total annual personnel costs** = Gross salary + Social security contributions + Taxes included in the remuneration + other costs and payments included in the remuneration

To calculate the **Hours** worked in the project:

- The rate must be calculated by **full financial year**.
- For **persons who do NOT work exclusively for the action**, the beneficiary must keep the **actual hours worked**, with reliable time records (i.e., timesheets) either on paper or in a computer-based time recording system – At least **monthly**
- **Time records:** Meet at least the following **basic requirements:** time-sheets **reliable:**
  - a. Title and **project number** of the action
  - b. **Beneficiary´s full name**
  - c. **Name, date and signature of person** working in the action
  - d. N° of **hours worked** for the action (highly recommended per day)
  - e. **Supervisor´s name and signature**
  - f. **Reference to the action tasks** to easily verify work carried out matches with work assigned.
  - g. Description of the **activities carried out**

**People working exclusively for the action (100%) do not need time records**, but they should [sign a declaration](#) to certify this.

- 1.2. **Costs for natural persons working under a direct contract** - self-employed natural persons
- 1.3. **Costs for personnel seconded by a third party (against payment)** - persons that worked on the action and that were seconded by a third party as an in-kind contribution against payment → Costs correspond to the [price paid by the beneficiary](#) (up to the costs incurred by the third party)
- 1.4. **SME owners and natural persons not receiving a salary** - SME owners and beneficiaries who are remunerated/compensated for their work by any other means than a salary



$$\text{Personnel costs} = \text{Fixed **daily** rate (unit cost) Fixed by EC} \times \text{Days worked in the project}$$

## 2. Subcontracting costs

- Subcontractors participate in the action by carrying out project tasks for the beneficiary (they are NOT beneficiaries), often important parts of the project.
- Subcontracting is based on business conditions (subcontractor charges a price, which usually includes a profit)
- Only limited parts of the action may be subcontracted
- Beneficiaries must base their subcontracts either on the best value for money (considering the quality of the service proposed, i.e., the best price-quality ratio) or on the lowest price (min. 3 quotes – award criteria and absence of conflict of interest)

### Warning!

- Subcontracting between beneficiaries is NOT allowed.
- Subcontracting to affiliates is NOT allowed, unless they have a framework contract or the affiliate is their usual provider, and the subcontract is priced at market conditions.

## 3. Purchase costs

### Travel costs

- Cover the travel costs and related subsistence allowances spent for the action
- Costs declared need to be in line with the beneficiary's usual practices on travel
- Combination with personal travels or travels for other purposes: The costs of a combined travel can be charged to the action but ONLY up to the cost that would have been incurred if the travel would have been made exclusively for the action AND if it is the usual practice of the beneficiary to pay for such travels (e.g., travels combining professional and personal reasons)

### Equipment costs

Types of equipment costs:

- either **Depreciation costs of equipment, infrastructure or other assets**



- Only eligible the corresponding **depreciation cost** of the equipment that falls **within the life of the project**
- The asset must be written off in accordance with the **beneficiary's usual accounting practices** and with international accounting standards (apply normal depreciation policy)
- The depreciable amount must be allocated on a systematic basis over its **useful life**
- If the beneficiary does not use the equipment exclusively for the action, **only the portion (%) used on the action may be charged**
- or **Full purchase costs of equipment, infrastructure or other assets** (ONLY if option applies)

AND

- **Costs of renting or leasing** of equipment, infrastructure or other assets

Finance leasing:

- Equipment leased must be recorded as an asset and the depreciation costs may be declared in accordance with beneficiary's usual accounting practices.
- Finance charges are NOT eligible.

Renting & Operational leasing:

- There is no depreciation involved
- Rental or lease costs of the beneficiary are eligible, if they follow the beneficiary's usual accounting practices and do not exceed the costs of purchasing the equipment
- Costs of equipment, infrastructure or other assets **contributed in-kind against payment**  
Eligible costs: amount paid by the beneficiary (must not exceed the depreciation cost of the third party)

### **INDIRECT COSTS**

Costs that **cannot be identified as specific costs directly linked to the performance of the action.**

- Covers all costs for the action that are not directly linked to it
- Are declared as a fixed flat rate: **25%** of beneficiary's **eligible direct costs**. Excluding:
  - **Subcontracting costs**
  - **Resources made available by third parties not used on the beneficiary's premises**

Indirect costs = 25% \*(Personnel costs + Other direct costs)



# Supporting documents.

*Supporting documents to be kept.*

|                        |   |
|------------------------|---|
| <b>Personnel costs</b> | <ul style="list-style-type: none"><li>• Employment contracts (or other independent/legal justification of personnel costs claimed)</li><li>• Ledgers / accounts, payroll records</li><li>• Detailed breakdown and justification of the productive hours denominator used for calculation of hourly rates (personnel and overhead)</li></ul>     |
| <b>Subcontracting</b>  | <ul style="list-style-type: none"><li>• Invoices</li><li>• Proof of payment</li><li>• Original deliverables from the subcontractors</li><li>• Evidence of own internal management and supervision procedures to confirm completion of work required to specifications needed and reasonableness costs claimed in connection therewith</li></ul> |
| <b>Consumables</b>     | <ul style="list-style-type: none"><li>• Invoices</li><li>• Proof of payment</li><li>• In case of rented equipment: Rental contract, inventory list of the rented equipment; proof of the investment values of the rented equipment</li><li>• Records concerning computer usage, if applicable</li></ul>   |
| <b>Travel expenses</b> | <ul style="list-style-type: none"><li>• Transport tickets, including boarding passes, hotel bills, etc.<ul style="list-style-type: none"><li>- Invoices</li><li>- Mission approval forms</li><li>- A report, records, minutes, etc. Indicating purpose and participants of the meeting</li></ul></li></ul>                                      |
| <b>Overheads</b>       | <p>Full documentation concerning the calculation of the overhead costs and Back-up documentation such as disaggregated Balance sheet.</p> <p>Analysis, reconciliation and summary of final breakdown of overhead (by category of expense) charged to the project.</p>   |



|   |   |
|---|---|
| <b>Bank statements<br/>(for coordinator)</b>        | Related to the payments of the IMPETUS project contributions and the distribution among partners.   |
| <b>General ledger /<br/>Management<br/>accounts</b> | Salient extracts and reconciliations of costs claimed to underlying accounting records/general ledger to facilitate easy verification of costs claimed and their eligibility. |
| <b>Auditor<br/>certificates</b>                     | Copies of any auditor certification statements issued with a claim for cost reimbursement.  |