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# ELIGIBLE COSTS

#everythingMEDpossible



REGIONE AUTÒNOMA  
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DELLA SARDEGNA



GENERALITAT  
VALENCIANA  
Presidencia



سلطة منطقة  
الاقبة الاقتصادية الخاصة  
AQABA SPECIAL ECONOMIC ZONE AUTHORITY



# ELIGIBLE COSTS

THEY ARE **ACTUAL COSTS** INCURRED AND PAID BY THE LEAD PARTNER AND THE PARTNERS, WHICH ARE **COMPLIANT WITH THE PROGRAMME RULES** AND MEET **ALL** THE FOLLOWING CRITERIA:

- a) they are **related to the implementation** of the Project according to the latest approved version of the Application Form;
- b) they are **necessary for the implementation** of the Project and would not have been incurred if the Project was not implemented;
- c) they are **indicated in the estimated overall budget** for the Project;



## ELIGIBLE COSTS (2)

- d) they are **reasonable, justified and comply with the requirements of sound financial management**, in particular regarding *economy and efficiency*;
- e) they **are incurred and paid directly by the Lead Applicant and Partners** of the Project;
- f) they are **supported by expenditure and payment documents** (e.g., contracts, invoices, proofs of payment documents etc.);
- g) they **are incurred during the implementation period** of the Project (see art.2 of the GC);
- h) they are **recorded in the accounts** of the Project **partner through a separate accounting system, or an appropriate accounting code** set up specifically for the Project;
- i) they **respect the eligibility rules of the EU, the Programme and the national rules** of the country in which the Lead partner/partner is located;



# ELIGIBLE COSTS (3)

j) they **respect the applicable rules on procurement**;

k) they are related to costs that are **not financed by other European funds**, as this would constitute double financing;

l) they **respect the rules of branding and communication** established by the European regulations;

m) they are **not in contradiction with any specific eligibility criteria** applicable to the respective cost category



*Expenditures which do not comply with the applicable eligibility rules cannot be claimed, even if it included in the approved budget.*

*The cut-off date for the eligibility of expenditure is **31 December 2029**.*



# INELIGIBLE COSTS

- a) interest on debt;
- b) purchase of land for an amount exceeding 10% of the total eligible expenditure\* *for derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15 %;*
- c) fines, financial penalties and expenditure on legal disputes and litigation;
- d) costs of gifts;
- e) costs related to fluctuation of foreign exchange rate;
- f) contributions in kind;
- g) depreciation costs;



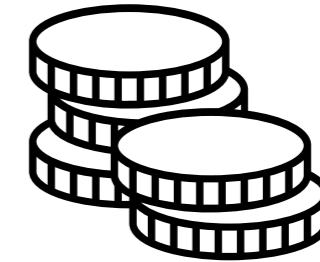
# INELIGIBLE COSTS (2)

- h) subcontracting between partners and/or associated partners of the same Project
- i) costs for project website and logo and communication material that are not in line with the rules;
- j) staff costs of no partner organisations;
- k) any expenditure not compliant with the national legislation(s) and/or with the financial agreements signed by the EC with the participating countries;
- l) costs during a period of suspension (*force majeure*, as in art.10.3 of G.C.);
- m) costs for services, supplies and work not delivered;
- n) expenditure already funded in total with other public funds;
- o) housing (residential building, domestic architecture).



# INELIGIBLE COSTS (3)

p) excise duties, customs duties and any other indirect taxes.



**VAT is eligible for all all projects with a total cost below €5 million (*ALL Interreg NEXT MED projects*)**



- ✓ *Recoverable VAT in State aid activities under GBER is NOT eligible*
- ✓ *Private entities from MPCs should ask for tax exemption*

**RECOMMENDED!!!**



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# ELIGIBLE COSTS: COST CATEGORIES

(EU REGULATION 1059/2021)

1. **Staff costs** – *Max. 40% of the project total eligible costs*

2. **Office and administrative costs**

3. **Travel and accomodation costs**

4. **Infrastructure and works**

5. **Equipment costs**

6. **External expertise and service costs**



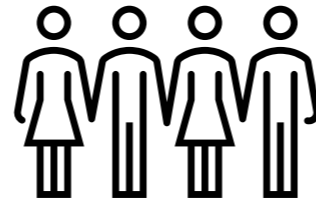
**15% flat rate** of the reported eligible direct staff costs **certified by the MA**



# 1. STAFF COSTS

## GROSS EMPLOYMENT COSTS OF STAFF EMPLOYED BY THE LEAD PARTNER OR PARTNERS FOR IMPLEMENTING THE PROJECT

**INTERNAL STAFF**  
(already employed by  
the LP/PP)



**AD HOC STAFF**  
(specifically contracted for  
the project)



To be considered eligible, staff not contracted specifically for the project should be formally assigned



To be selected according to recruitment procedure compliant with the Programme



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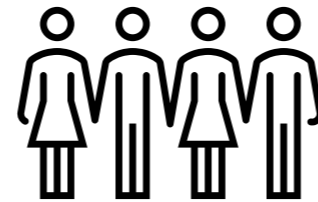
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# 1. STAFF COSTS (2)


## ELIGIBLE STAFF COSTS:

**Salary payments** related to the activities which the organisation would not carry out without the project, provided for in an employment document



**Any other costs** directly linked to salary payments incurred and paid by the employer (e.g. employment taxes and social security)

 Payments to natural persons working under a contract other than an employment or work contract may be assimilated to salary payments

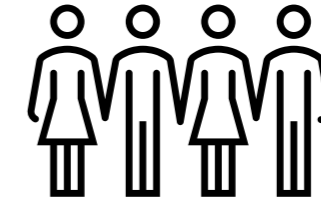
 To be considered eligible, such costs must be compliant with the national legislation and not recoverable by the employer.



# 1. STAFF COSTS (3)

## NOT ELIGIBLE STAFF COSTS:

Unpaid **voluntary** work



Costs for personnel provided by a **temporary work agency**

Costs for **consultancy** services

Service contracts including staff costs with **in-house** bodies

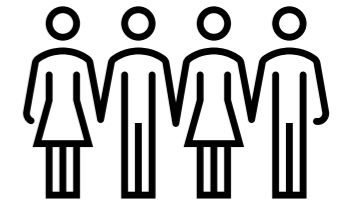


- To be reported under “External expertise and services” cost category

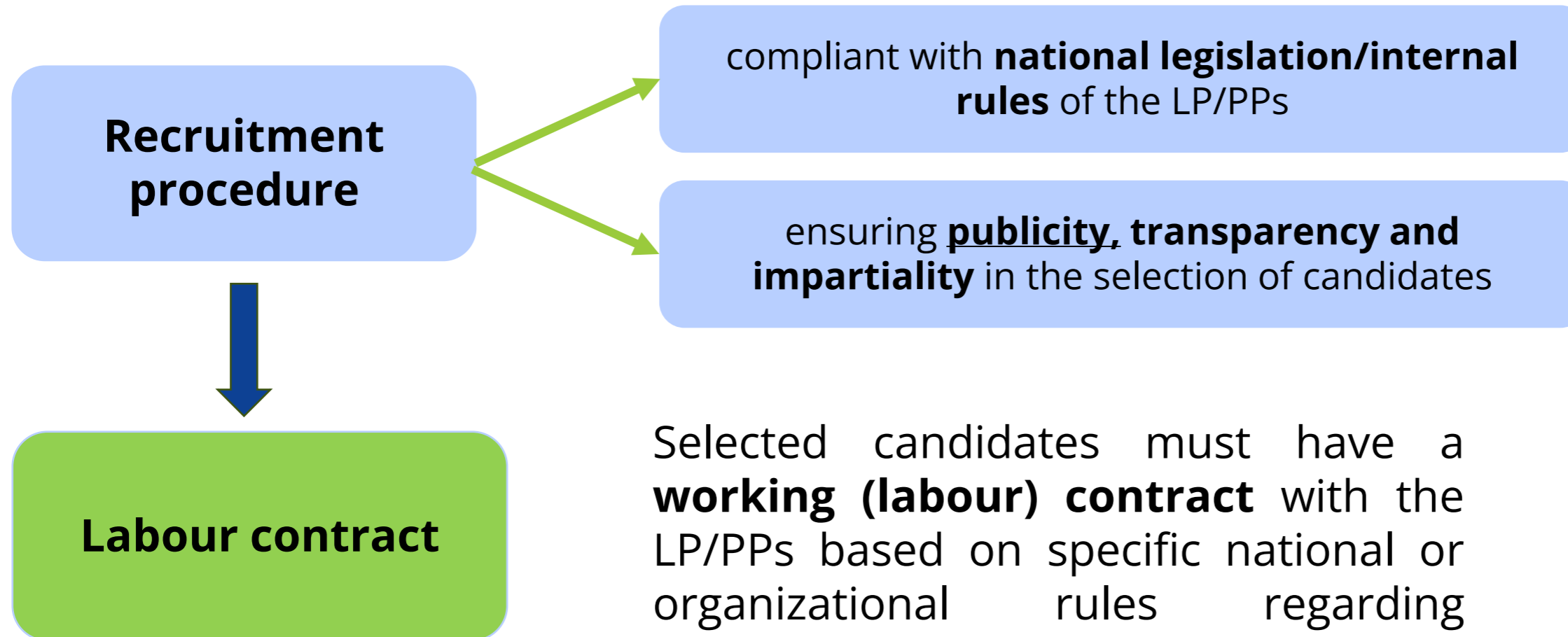


# 1. STAFF COSTS (4)

## HOW TO RECRUIT *AD HOC* STAFF?



General principles



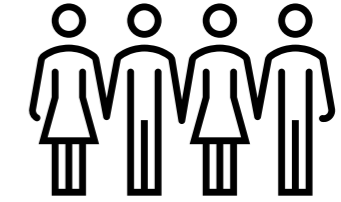
Selected candidates must have a **working (labour) contract** with the LP/PPs based on specific national or organizational rules regarding **remuneration, timetable, holidays,** and **roles** within the LP/PP working organization.



Publication of vacancies on the project webpage hosted on the Programme website (Guidelines for Communication and Visibility)



# 1. STAFF COSTS (5)



**Natural persons holding a VAT number** may be considered 'staff' and therefore budgeted in the Staff cost category, regardless of their tax status, provided that:

- ✓ they carry out - on the basis of a contract similar to a working contract - on an **ongoing basis activity** in support of the implementation of the project
- ✓ they **provide their activities** as indicated in the letter of appointment/contract in a manner similar to that of an employee (in compliance with national legislation);
- ✓ the **results of the work** carried out belong to the LP/PP;
- ✓ the **remuneration** is not substantially different, in principle, from the cost of the LP/PP's employees who carry out similar project activities



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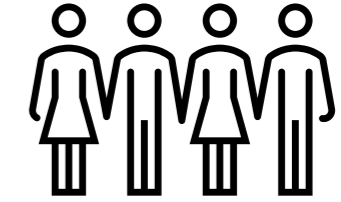


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# 1. STAFF COSTS (6)



Typology of Staff:

- **Employees** in line with an employment contract (and contracts assimilated by the respective national laws)
- **Natural persons** working under a direct contract other than an employment contract
- **Personnel seconded** by a third party against payment
- **Owners or of other natural person with a specific role but without an existing employment contract** in the of LB/PP organization
- **Scholarships, PhD scholarships, research grants, etc.**



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# 1. STAFF COSTS (7)



## HOW TO CALCULATE STAFF COSTS?

Staff costs shall be calculated taking into consideration **the kind of effort/time devoted to the project:**

1° category

- 1) Full time\*
- 2) Part-time (fixed %/month)

actual monthly gross salary (or wage) plus the mandatory social charges, insurance and any other statutory costs included in the remuneration (and deriving from national rules)

2° category

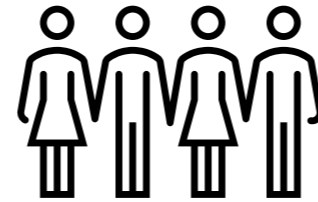
- 3) Part-time (flexible no. of hours/month)
- 4) Contracted on an hourly basis

actual yearly/monthly gross salary (or wage) plus the mandatory social charges, insurance and any other statutory costs included in the remuneration (and deriving from national rules), excluding any variable cost



# 1. STAFF COSTS (8)

## HOW TO CALCULATE STAFF COSTS?



Regardless of the type of contract, **full-time** refers to staff who devote 100% of their time to the project.

Consequently, an employee with a part-time contract for 20 hours per week who works all 20 hours on the project is considered full-time and therefore falls into the first category:



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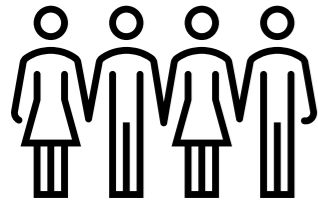
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# 1. STAFF COSTS (9)

## HOW TO CALCULATE STAFF COSTS?

**ONLY** for **Part-time (flexible no. of hours/month)** and **contracted on an hourly basis**:



**1° step** Get a copy of the **working contract** and any other relevant rules concerning (working hours per day, timetable, etc.)

**2° step** Calculate the **gross salary\*** and the **costs per unit rate** (daily, or hourly costs)

**3° step** Fill in the **monthly time sheet**, reporting the hours actually worked per day



*\*The Annual Gross Salary must be calculated at least once a year and every time that there is a change in the costs (increases in salary, etc.).*

**A TEMPLATE IS PROVIDED**



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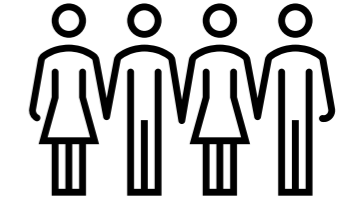


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# 1. STAFF COSTS (6)



**TAXES AND SOCIAL CHARGES** can be reported provided that :

- ✓ they are fixed in an employment document or by law;
- ✓ they are in accordance with the legislation referred to in the employment document and with standard practices in the country and/or institution where the individual staff member is working;
- ✓ they are not recoverable by the employer;
- ✓ they are incurred and paid by the employer and/or the employee during the reporting period or accrued during the reporting period and paid before the conclusion of the auditor verifications, provided that the latter declares that the proof of payment of the taxes and social charges is available.



## 2. OFFICE AND ADMINISTRATIVE COSTS

- ✓ Office rent
- ✓ Insurance and taxes related to the buildings (where the staff is located) and the equipment of the office (fire or theft insurance)
- ✓ Utilities (electricity, heating, water)
- ✓ Office supplies
- ✓ Accounting (including staff)
- ✓ Archives
- ✓ Maintenance
- ✓ Cleaning and repairs
- ✓ Security (including staff)
- ✓ IT systems
- ✓ Communication (telephone, fax, internet, postal services, business cards)
- ✓ Bank charges for opening and administering the project bank account
- ✓ Charges for transnational financial transactions



**15% flat rate** of the reported eligible direct staff costs **certified by the MA**



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# 3. TRAVEL AND SUBSISTENCE COSTS



**15% flat rate** of the reported eligible direct staff costs **certified by the MA**

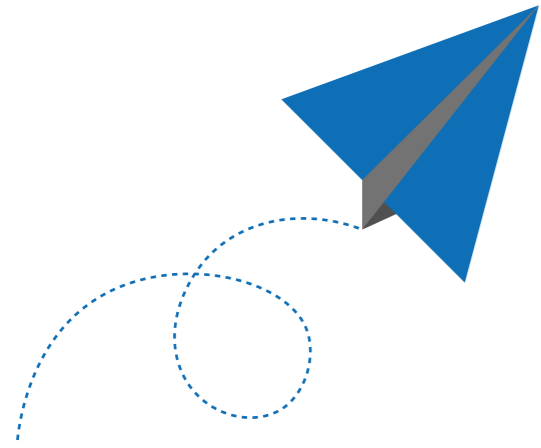
**TRAVEL AND ACCOMMODATION EXPENSES** OF THE STAFF OF THE LP/PPS AND/OR OTHER PERSONS INVOLVED, FOR **MISSIONS** ESSENTIAL TO THE EFFECTIVE IMPLEMENTATION OF THE PROJECT

## 3. TRAVEL AND SUBSISTENCE COSTS

- Project partner' representatives/staff
- Associate partners' representatives/staff
- ~~External experts\* NO~~
- ~~Service providers\* NO~~

\*Travel and Accommodation costs for External Experts and Service Providers must be included in the service contract in Cost Category 6. EXTERNAL EXPERTISE AND SERVICE COST





## SPECIAL CONDITIONS

For the cost categories:

- 2. Office and administrative costs and
- 3. Travel and subsistence costs



*For **TRAVEL**: The beneficiary **MUST** demonstrate its participation in at least **ONE** project mission (e.g travel order, report or similar)*

- ✓ The eligible amount is automatically calculated by Jems as 15% flat rate of the reported eligible direct staff costs certified by the MA
- ✓ They do NOT need any justification during reporting but the documentation must be kept in case of Audit Control



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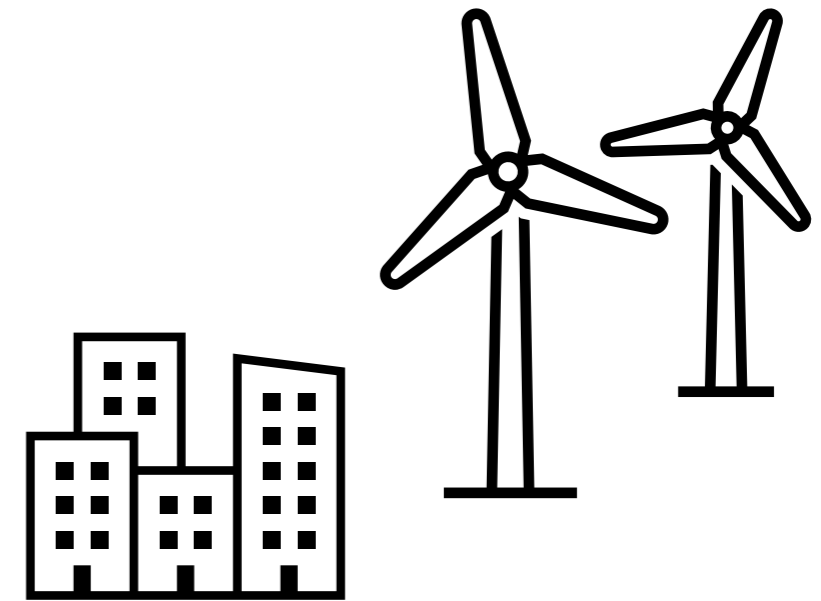


# 4. INFRASTRUCTURE AND WORKS

**INVESTMENT IN INFRASTRUCTURE AND WORKS, NECESSARY TO ACHIEVE THE OBJECTIVES OF THE PROJECT**

## **ELIGIBLE INFRASTRUCTURE AND WORK COSTS:**

- a) building permits;
- b) building material;
- c) labour;
- d) specialised interventions (such as soil remediation, mine-clearing).



## 4. INFRASTRUCTURE AND WORKS (2)



All costs related to meeting standards and obligations related to the nature of the investment (e.g., **feasibility studies, environmental impact assessments and assessment of expected impacts of climate change**), must be included in the cost category **6 - External expertise and service costs**, unless they are already integrated in an **infrastructure procurement contract**.



Partners must guarantee they have or will obtain the necessary **building permits** in order to avoid any issue preventing the correct and timely implementation of infrastructures and works.



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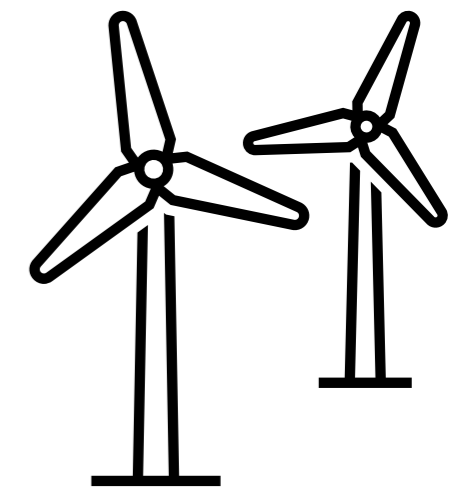


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## 4. INFRASTRUCTURE AND WORKS (3)



### OWNERSHIP AND DURABILITY REQUIREMENTS (art. 17.8 GC):

the Lead Partner shall submit yearly sustainability reports, for **5 years** following the project closure.



The Programme's contribution **shall be repaid** if

- ✓ a cessation or transfer of a productive activity outside the eligible regions in which it received support;
- ✓ a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- ✓ a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

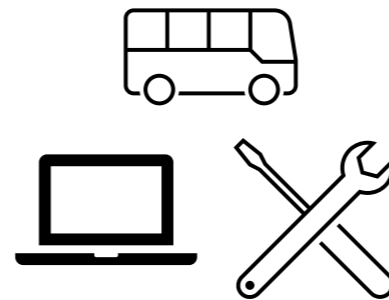


# 5. EQUIPMENT COSTS

**EQUIPMENT PURCHASED (NEW OR SECOND-HAND), RENTED OR LEASED** BY THE PROJECT PARTNERS, AND NECESSARY FOR THE DELIVERY OF PROJECT ACTIVITIES.

## ELIGIBLE EQUIPMENT COSTS:

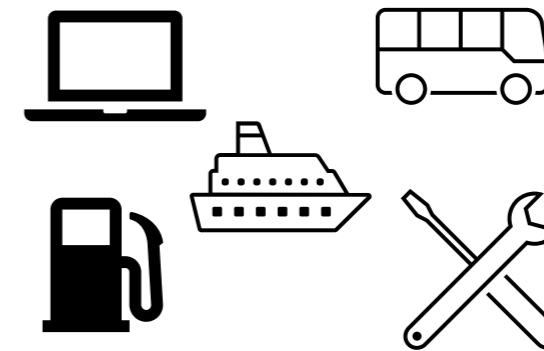
- a) office equipment;
- b) IT hardware and software;
- c) furniture and fittings;
- d) laboratory equipment;
- e) machines and instruments;
- f) tools or devices;
- g) vehicles;
- h) other specific equipment needed for the project.



No purchase of equipment is allowed in the last year of project implementation, unless with the official prior authorization by the MA.

## 5. EQUIPMENT COSTS (2)

### Transfer of equipment (art. 22.5 GC):



- ✓ Ownership of equipment, vehicles and supplies MUST be transferred to PPs in the countries where the activities were carried out or to the final projects' recipients (final report).
- ✓ Proofs of transfers (for equipment and vehicles whose purchase cost  $\geq 5,000$  € per item), must be attached to the final report.
- ✓ Proofs must be kept for control purposes according to contractual obligations as referred in art. 16.6 of the G.C.

*"for a 5-year period from 31 December of the year in which the last payment by the MA to the Project is made, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of."*



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## 6. EXTERNAL EXPERTISE AND SERVICE COSTS

**EXTERNAL EXPERTISE AND SERVICES** PROVIDED BY A PUBLIC OR PRIVATE ENTITY, OR BY A NATURAL PERSON, OTHER THAN THE PARTNERS AND ASSOCIATES OF THE PROJECT CONTRACTED TO CARRY OUT **SPECIFIC TASKS AND ACTIVITIES** ESSENTIAL TO THE PROJECT IMPLEMENTATION

### ELIGIBLE EXTERNAL EXPERTISE AND SERVICE COSTS:

- external expenditures verification
- studies
- information and dissemination activities
- short-term equipment rental for events organisation
- evaluations
- translation
- financial guarantees
- etc.



- ✓ The activities assigned to subcontractors **CANNOT** include the **bulk of the project core tasks**, including the full outsourcing of management and communication (art. 4.2 GC)
- ✓ LP, PPs and associated partners **CANNOT** act as subcontractors.



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## 6. EXTERNAL EXPERTISE AND SERVICE COSTS (2)

External expertise and service costs are paid on the basis of **contracts/written agreements**, against **invoices/requests for reimbursement** to external service providers

**Contracts/written agreements MUST** clearly state

- ✓ Description of **tasks/activities** subcontracted
- ✓ **Rules** for implementation
- ✓ **Fees** (appropriate, reasonable, compliant with pre-set criteria and aligned with the current market rates).



- ✓ Services are purchased following specific procurement procedures as indicated in Chapter 7 of PIM
- ✓ No restriction may be applied to the nationality of the contractors.



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## 6. EXTERNAL EXPERTISE AND SERVICE COSTS (3)

The **in-house providing** can be applied by a LP or partner, provided that

- ✓ the in-house provider is controlled by the LP or PPs (structural subordination)
- ✓ it carries out the essential part of its statutory activities for the controlling body (economical dependency);
- ✓ it is totally owned by the LP or PPs

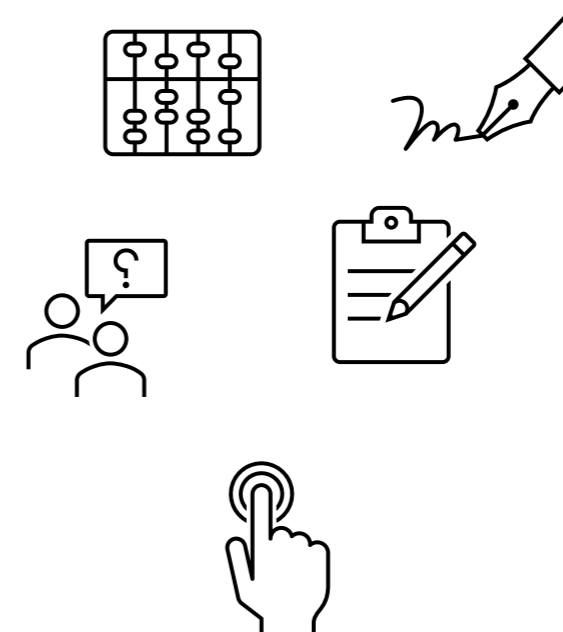


Costs of the contracted company must always be charged on a real-costs basis, thus without any profit margin, be in compliance with all the aforementioned eligibility rules for expenses and should be charged and reported under the budget line subcontracted services.



# SUPPORTING DOCUMENTS FOR THE EXPENDITURE VERIFICATION

To justify the eligibility of the **direct costs** reported, the LP/PPs are required to provide **specific supporting documents** necessary for performing the controls



To be uploaded on Jems according to the indication in Annex A



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| 1. Staff costs   | 4. Infrastructures and works                              | 5. Equipment costs  | 6. External expertise and services costs                  |
|--|---|---|---|
| List of the Staff  | Procurement procedure documents                           | Procurement procedure documents                               | Procurement procedure documents                           |
| Copy of the contracts  | Building permits  | Equipment invoice   | Service contract  |
| Copy of the appointment act  | Works report  | Excerpt from "Inventory of durable goods" / proof of delivery | Activity report with deliverables                         |
| Any other relevant document identifying the yearly/monthly working time and number of holidays                             | Supply and installation report                            | Proof of payment  | Any official document issued by the contracting authority |
| Any other relevant document identifying the real monthly/daily/hourly costs  | Any official document issued by the contracting authority | Copy of VAT REGISTER  | Invoice on provided services                              |
| Gross Salary Sheet (GSS) and Timesheet (part-time staff with a flexible no. of hours; staff contracted on an hourly basis) | Civil works invoices/receipts                             | Picture(s)  | Proof of payment  |
| Activity report or Timesheet (full time and part-time with fixed percentage dedicated to the project per month)            | Supply and installation invoices/receipts                 |   | Copy of VAT REGISTER                                      |
| Pay slips  | Copy of VAT REGISTER                                      |   |   |
| Proof of payment   | Proof of payment  |   |   |
| Other documentation  | Picture(s)  |   |   |



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# Thank you

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