

# Legal and Financial Issues of Horizon 2020

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- ☐ **Cost eligibility criteria**
- ☐ **Budget categories**
- ☐ **Funding schemes and limits**
- ☐ **Reports and audits**
- ☐ **Payment modalities**



## **National Contact Point**

FOR RESEARCH PROGRAMMES OF THE EU  
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THE PURPOSE OF THIS PART OF THE PRESENTATION IS TO PROVIDE THE PARTICIPANTS WITH INFORMATION NECESSARY TO:

- BUILD A BUDGET IN THE PROPOSAL PHASE
- MANAGE THE PROJECT
- REPORT COSTS

# You can only claim costs that are **ELIGIBLE**

- Actually incurred by the beneficiary
- Must be incurred during project duration
- Indicated in the estimated budget (Annex 2)
- Connected to the action and necessary
- Recorded, identifiable and verifiable with the beneficiary's accounts
- Calculated according to accounting rules and the beneficiary's usual cost accounting practices
- In compliance with national laws on taxes, labour and social security
- Reasonable, justified, in accordance with sound financial management (not excessive, in line with good housekeeping practice)



Costs related to preparing,  
submitting and negotiating the  
proposal are not eligible.

## EXAMPLES

**Debt and  
debt  
service  
charges**

**Excessive  
or reckless  
expenditure**

**DEDUCTIBLE  
VAT**

**NON  
ELIGIBLE**

**Currency  
exchange  
losses**

**Provisions  
for future  
losses or  
debts**

**TOTAL ELIGIBLE PROJECT COSTS**

**DIRECT COSTS**

**INDIRECT COSTS**

renting, depreciation of buildings,  
water, gas, electricity, maintenance,  
supplies and petty office equipment,  
administration etc.

# INDIRECT costs

single model 25%  
flat rate





Accounting documentation is necessary only for direct costs. Indirect costs do not need supporting evidence because they are declared using a flat-rate.

# DIRECT costs

PERSONNEL COSTS

SUBCONTRACTING

OTHER COSTS (travel and subsistence,  
equipment, purchase of goods and services)

# PERSONNEL COSTS

## Grant Agreement art. 6.2 A

# Personnel costs

- Personnel costs for employees or equivalent - i.e. persons working for the beneficiary on the basis of an employment contract or equivalent appointing act (civil servants)
- BASIC REMUNERATION - the payments for the employee's normal work and participation in projects – up to what is the beneficiary's **usual remuneration practice for national projects**  
*(changes from February 2017) AGA p. 59-64*
- Cover the payment (salary or bonus) + social security contributions (mandatory employer and employee contributions) + taxes included in the remuneration (e.g. income tax)...
- Should be paid in accordance with national law and the employment contract /equivalent appointing act
- Must exclude arbitrary bonuses (i.e. bonuses which are not part of the beneficiary's usual remuneration practices and/or which are not based on objective conditions)



Time sheets are necessary, but for persons working exclusively for the project NO time-sheet is required.

# Additional remuneration

(up to 8000 EUR per year /full time)

- For non-profit legal entities
- Extra payments made for the participation in projects – above the beneficiary's usual remuneration practice for national projects
- Should be paid for the performance of additional work or different expertise than his/her usual tasks
- Should be consistently applied whenever the same kind of work or expertise is required and regardless of the source of funding used

# SUBCONTRACTING

## Grant Agreement art. 13

# Subcontracting (1/2)

- Based on 'business conditions' (subcontractor charges a price, which usually includes profit)
- Subcontractor works without the direct supervision of the beneficiary and is not hierarchically subordinated to the beneficiary
- The beneficiaries must base their subcontracts on the 'best value for money' considering the quality of the service proposed



## Subcontracting (2/2)

- Concerns implementation of project tasks described in Annex 1
- Only limited part of the action may be subcontracted
- Indicated in Annex 1
- Costs must be set out in Annex 2

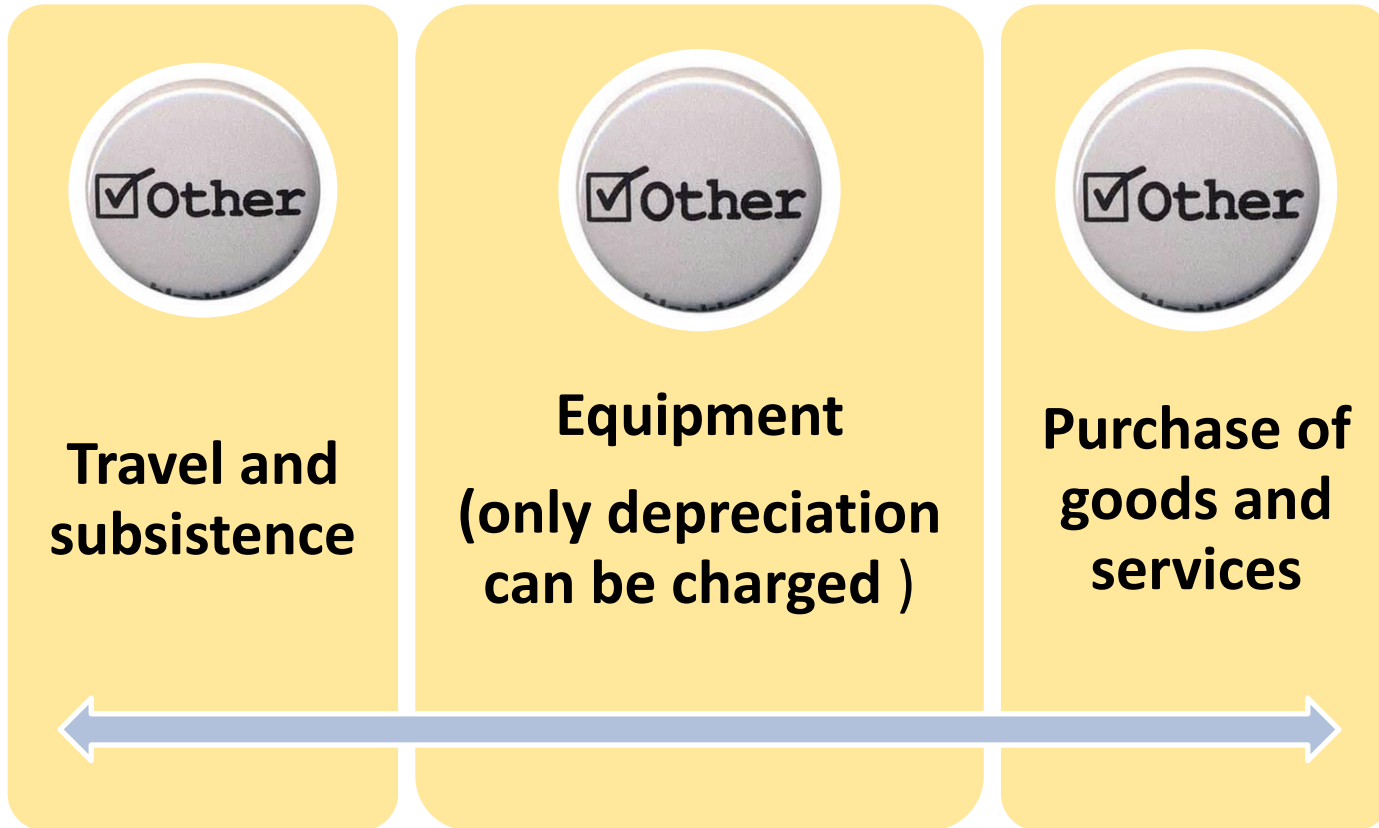
### Examples

- 1) *Testing and analysis of the resistance of a new component under high temperatures, if described in Annex 1 as project task*
- 2) *Building of a prototype or pilot plant, if described in Annex 1 as project task*



**Subcontracting between beneficiaries** is not allowed in the same GA. All beneficiaries contribute to and are interested in the action; if one beneficiary needs the services of another in order to perform its part of the work it is the second beneficiary who should declare the costs for that work.

## OTHER DIRECT costs



# Purchase of goods and services

## Examples:

- audit certificate on the financial statements
- translation of documents
- conference fees
- publication of brochures
- creation of a website that enables an action's beneficiaries to work together (if creating the website is not an action task)
- contract for organisation of the rooms and catering for a meeting (if the organisation of the meeting is not an action task mentioned as such in Annex 1)
- contract for hiring IPR consultants/agents
- costs of intellectual property rights (including fees paid to the patent office for patent registration)

# WHAT ARE THE DIFFERENCES BETWEEN SUBCONTRACTS AND CONTRACTS TO PURCHASE SERVICES?

SUBCONTRACTS	CONTRACTS FOR SERVICES
Concern the implementation of action tasks (as described in Annex 1)	Do not concern action tasks, but they are necessary to implement action tasks by beneficiaries
Must be indicated in Annex 1	Do not have to be indicated in Annex 1
To be declared as „direct costs of subcontracting)	To be declared as „other direct costs”
No indirect costs	25% indirect costs
Best price-quality ratio or lowest price, responsibility for the work lies fully with the beneficiary.	

# Funding schemes

Research and Innovation Actions (RIA)

Innovation Actions (IA)

Coordination and Support Actions (CSA)

SME Instrument

## Funding limits (1/2)

- Research and Innovation Actions (RIA)
- Innovation Actions (IA)  
(non-profit)
- Innovation Actions (IA)  
(for-profit )

100%

100%

70%

## Funding limits (2/2)

- Coordination and Support Actions (CSA)

**100%**

### SME Instrument

**Phase 1** LUMP SUM **50,000** EUR

- SME Instrument

**Phase 2**

**70%**



# Reports

## Periodic reports

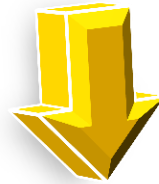
within **60** days following the end of  
each reporting period

## Final report

Within **60** days following the end of the  
last reporting period

# Budgetary transfer

**The budget in Annex 2 is an estimation**



**Reported costs may differ from budgeted costs**

During the implementation phase budget may be transferred among beneficiaries and budget categories without the need of a notification to the Commission/Agency or an amendment if the action is implemented as described in Annex 1.

Annex 5

325 000 €

**Certificate on the financial  
statements**

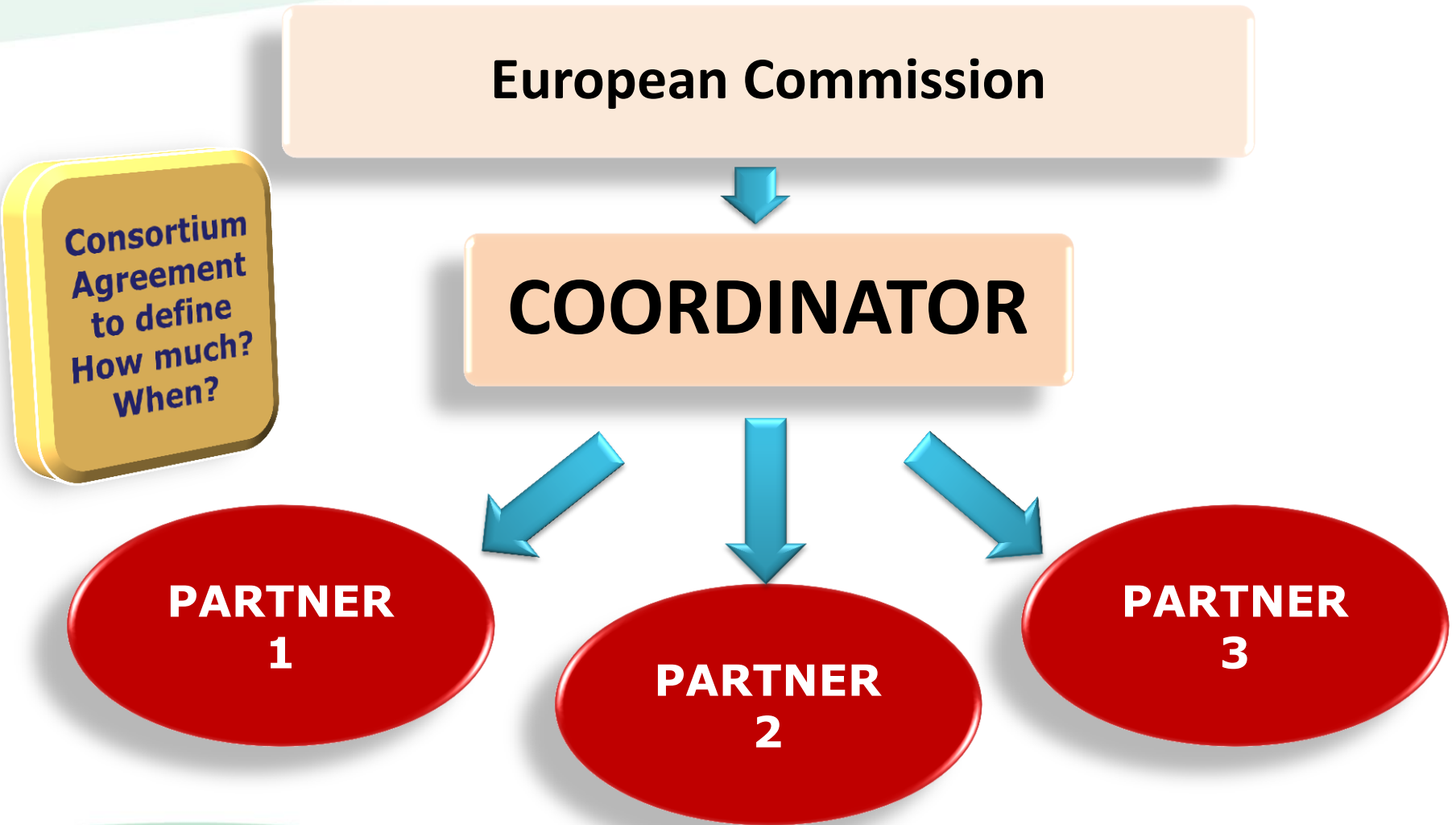
*With final report*

- Is obligatory if a beneficiary requests a total contribution of 325 000 EUR or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices .

During the implementation of the project or up to  
**2 years** after the payment of the balance

- To check on proper implementation of the action and compliance with the obligation under the GA
- Conducted by the Commission/Agency staff or external persons or bodies appointed to do so

# Payment modalities (1/2)



# Payment modalities (2/2)

	Time-to-Pay	From
<b>One Pre-financing</b>	<b>30</b> days	The latest between starting date and entry into force
→ Retention 5 % of maximum grant for the Guarantee Fund		
<b>Interim Payments</b>	<b>90</b> days	From reception of periodic report
→ Based on financial statements (EU contribution= eligible costs approved * reimbursement rate)		
→ Limit = 90 % of the maximum grant (Retention 10%)		
<b>Payment of the Balance</b>	<b>90</b> days	From reception of final reports

## PARTICIPANT PORTAL

<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>

## HORIZON 2020 on-line MANUAL

<http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html>

## HORIZON 2020 DOCUMENTS /Annotated Grant Agreement/

[http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference\\_documents.html](http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_documents.html)

## RESEARCH ENQUIRY SERVICE

<http://ec.europa.eu/research/index.cfm?pg=enquiries>

# Thank you for your attention/ take-home message

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