

## Costs and Funding Levels in Horizon 2020

### Eligible direct costs

Direct costs are all financial expenses (as defined in Article 6.2 of the Grant Agreement ([http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index\\_en.htm](http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index_en.htm))) that can be attributed to the project, such as staff costs, travel costs, consumables, equipment depreciation, subcontracting and audit costs.

All beneficiaries in Horizon 2020 may consider **personnel costs** to be direct costs, both for staff employed on the project and for permanent staff. The prerequisite is that all project personnel

- ▶ is employed directly by the beneficiary under national law,
- ▶ that the project staff work under the sole supervision and responsibility of the beneficiary, and
- ▶ the remuneration of project staff is in line with the usual practices of the beneficiary.

### NEW:

- ▶ 3 ways of calculating the hourly rate - We'll take care of that for you!
- ▶ For people who work 100% of their working time on the project, there is no longer an obligation to keep a timesheet.

**Subcontractors** are third parties who perform a small part of the project work for one or more grant recipients on the basis of a contract. Subcontracts may only be awarded for the provision of project-related work. Under certain conditions - depending on the consortium - larger services such as laboratory analyses and the performance of studies etc. are also conceivable. The prerequisite is that subcontracts are listed, described and justified in the work plan (Annex I of the Grant Agreement). Subcontracts can be included up to a maximum of 60,000. Sums in excess of this are possible if they are absolutely necessary to achieve the project objectives, but are subject to special agreement with the EU Commission. Indirect costs cannot be charged for subcontracts.

**Travel** from EU funds is generally subject to the same regulations as travel from budget funds (see Federal Travel Expenses Act and Foreign Travel Expenses Ordinance). Travel must be assigned to the project and must be incurred during the project duration. The Travel Expenses Act applied at the time of establishment applies.

**Depreciation** costs for equipment can be financed from EU funds if this is provided for in the Grant Agreement (Annex I). This applies to equipment leasing. The EU Commission stipulates that equipment must be depreciated in accordance with the rules customary in the house. A device is assigned a lifetime based on the in-house depreciation table, which is based on the DFG device key. The equipment is depreciated linearly from the month of acquisition (invoice date) over its lifetime. The depreciation of equipment costs via an EU project can only take place during the life of the project. For example, if a project runs for four years, a device with a lifetime of eight years can be paid for half its gross value from EU funds.

In Horizon 2020, equipment already installed at the facility prior to the start of the project, which has not yet been fully depreciated, can also be used in EU projects and further depreciated.

Only those **consumables** costs are reimbursed that are necessary and required for project implementation and whose purchase was made during the project period.

An audit (Certificate on the Financial Statements, CFS) is only carried out from a grant of **325,000 euros** (less indirect costs) per partner and only at the end of the project. In Horizon 2020, an audit can also be carried out by the EU Commission up to two years after the final payment.

Value-added tax (VAT) is eligible for funding in Horizon 2020, unless it is reimbursed by another body (e.g. in the case of input tax deduction entitlement).

**Not eligible** are **costs** such as provisions for possible future losses or liabilities, foreign exchange losses, costs related to return on capital, costs reimbursed under other EU measures or EU programmes, liabilities due to debt and debt servicing and excessi or careless expenditure.

#### **Eligible indirect costs**

A flat rate of 25% of total direct eligible costs applies to all. Expenditure on subcontracting and third-party resources are not included.

#### **Funding levels**

- ▶ for research and innovation activities: 100% for all
- ▶ Innovation activities and measures for co-financing programmes: 70% for all, except non-profit organisations up to 100%
- ▶ Individual calls for proposals may, by way of exception, determine a grant on the basis of lump sums, prices or unit cost rates

#### Useful Tips

› Work Group Project Management of the BundesArbeitsKreis (BAK) of EU officers at German universities

#### Project Management Tools

- ▶ Currency Converter ECB
- ▶ DFN Scheduler